全民

Q&M

Q & M Dental Group (Singapore) Limited

ANNUAL REPORT **2018**

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CORPORATE PROFILE

Q & M Dental Group (Singapore) Limited ("Q & M" or together with its subsidiaries, the "Group") [QC7.SI] is a leading private dental healthcare group in Asia. The Group owns the largest network of private dental outlets in Singapore and aims to expand its operations geographically and vertically through the value chain in Malaysia, the People's Republic of China ("PRC") and the rest of the Asia Pacific Region. Established in 1996, Q & M has built a brand that is synonymous with accessible and quality dental healthcare.

The Group operates 92 dental outlets, 4 medical clinics and 3 dental supplies and equipment distribution companies across Singapore, Malaysia and the PRC. Underpinned by more than 230 experienced dentists and close to 400 supporting staff, the Group has an outreach of more than 600,000 patients in Singapore.

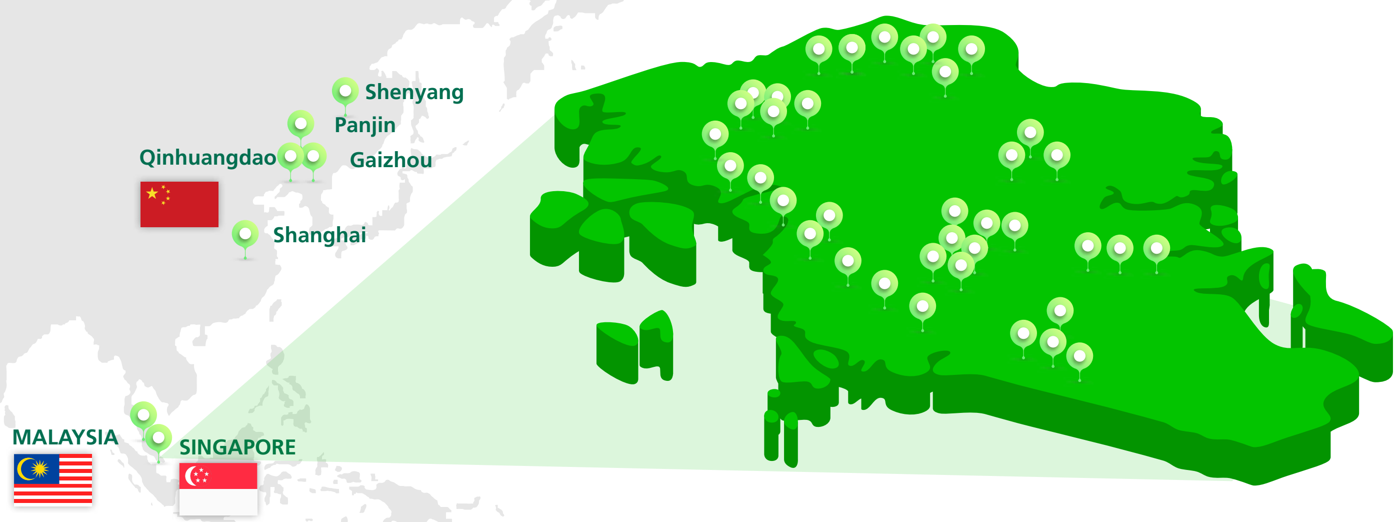
With an extensive network of outlets spanning various locations in Singapore, the Group continues to make private dental healthcare easily accessible, expanding its operations through organic growth across the island. Establishing two wholly-owned subsidiaries in late 2018, Q & M Dental AI Pte. Ltd. ("QMDAI") and Q & M College of Dentistry Pte. Ltd. ("QMCD"), the Group's ventures into dental artificial intelligence ("AI") and dental education is in line with the Group's aim to remain at the forefront of advancements in dentistry. QMDAI focuses on developing dental healthcare software in diagnosis and treatment planning, while QMCD aims to offer premier post-graduate continuing dental education programmes.

Outside of Singapore, the Group continues to enlarge its presence in Malaysia organically and through acquisitions, and actively seeks opportunities to acquire large and established dental institutions and dental supplies manufacturers in the PRC.

The Group was listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 November 2009.

For further information on the Group, please visit www.QandMDental.com.sg.

REGIONAL FOOTPRINT AND LIST OF SERVICES



Regional Footprint *(as at 31 December 2018)*

Number of clinics

Singapore
Dental: **73**
Medical: **4**

PRC
Dental: **1**

Malaysia
Dental: **17**

OVER **230 DENTISTS** AND MORE THAN **400 STAFF** IN SINGAPORE; ABOUT **35 DENTISTS** AND **85 STAFF** IN MALAYSIA

MORE THAN **600,000 PATIENTS** IN SINGAPORE

Distribution of Dental Equipment and Supplies

Singapore **2**
Malaysia **1**

List of Services

DENTAL

- Aesthetic / Cosmetic Dentistry
- CAD/CAM Digital Dentistry
- Children Dentistry
- Consultations
- Crowns and Bridges
- Dental X-rays
- Dentures
- Extractions
- General Dentistry
- Geriatric Dentistry
- Gum Disease and Surgery
- Implant Dentistry
- Mouth Guards
- Oral Surgery
- Orthodontics (Braces)
- Root Canal Treatment
- Scaling and Polishing
- Sensitive Teeth
- Teeth Grinding (Bruxism)
- Teeth Whitening
- Tooth-Coloured Fillings
- Wisdom Tooth Surgery

MEDICAL

General Health Services:

- Adult and Children Consultation
- Chronic Disease Management
- Men's Health
- Skin Care

Preventive Care:

- Cervical PAP Smear
- Family Planning
- General Health Screening
- Pre-Marital Health Screening
- Smoking Cessation
- Weight Loss Management

Vaccinations:

- Cervical Cancer
- Chicken Pox
- Childhood Vaccinations
- Hepatitis Profiling and Vaccinations
- Influenza
- Travel Advice and Vaccinations

Extensive Medical Check-Ups:

- Pre-education/Extracurricular Activity Certification
- Pre-employment Checks

Minor Procedures:

- Ear Syringing
- Removal of Foreign Material
- Removal of Warts
- Suturing
- Wound Care and Dressing

MESSAGE TO SHAREHOLDERS

"FY2018 was the year where the business remained steady, and is the bedrock for developments to follow in the years ahead."

Dear Shareholders,

We are in our tenth year as a listed company. It has been a period of phenomenal growth and success. This has created expectations, and with expectations, some disappointment with the rate of growth of profits. The board and the management are conscious that steady, stable growth is important to many of our shareholders. As Q & M moves from one phase of its development to the next, these expectations are foremost in our minds. Continual organic growth coupled with acquisition of smaller groups and larger chains, within and outside Singapore, will continue to build up our core business of providing dental treatment through our clinics.

We have maintained a healthy financial performance with revenue excluding Aoxin Q & M Dental Group Limited ("Aoxin") increasing by 2% to S$119.9 million for FY2018. Our topline growth was mainly attributed to higher revenue from existing and new dental outlets in Singapore and Malaysia, as we increased the total number of clinics for the Group to 91 as at 31 December 2018 from 85 as at 31 December 2017. This was in spite of headwinds weighing on global growth and consumer sentiment, caused by issues ranging from trade tariffs to Brexit. Excluding other gains, profit attributable to owners of the parent decreased slightly by 3% to S$12.7 million for FY2018.

However, there must also be new ways of doing the usual things. We are looking at two broad areas to develop to raise our game. The first is innovation. Innovation has been one of the pillars of Q & M's success as a leader in the dental healthcare industry, and innovation has never been more important than in this era of rapid development in the capabilities and deployment of AI. We will be moving up from using technology for patient care and operations into developing technology and AI for diagnostics and treatment. Combined with this, we have to ensure that we train our people well. To do this, we will need to develop the curriculum and the teaching methodologies to deliver training and to keep abreast. This is discussed in greater detail below. AI and training are not just 'nice to have' activities but are important components in building future income streams.

High standards of corporate governance were also upheld throughout the year, resulting in the Q & M having the honour to be conferred with awards and accolades such as the *Reader Digest's Trusted Brands Platinum Award 2018 (Dental Clinic)* for the third consecutive year, *Influential Brands' Top Brand 2018 (Dental Clinic) and Invisalign's Diamond Provider certification*.

FY2018 was the year where the business remained steady, and is the bedrock for developments to follow in the years ahead.

PROGRESS THROUGH INNOVATION

Being a leading private dental healthcare group in Asia, we pride ourselves on our extensive knowledge pool amongst our specialists, dentists and supporting staff. As such, beyond the regular training sessions provided in-house, we have initiated plans to become the premier private

MESSAGE TO SHAREHOLDERS

provider of continuing dental education in Singapore and the region. QMCD was formed in December 2018 and we are in the process of applying for approval from the Council of Private Education ("CPE") to run a post-graduate dental diploma programme. The one and half year programme is expected to train newer dentists to be competent in implant dentistry, root canal treatment, prosthodontics, and oral surgical procedures, amongst others. In the region, there are currently no comprehensive programmes covering such diverse topics in dentistry conducted under one roof, and we are enthusiastic at the prospects. Q & M specialists and senior general practitioners will conduct this curriculum for Q & M dentists, and eventually dentists from around the region. We are looking to start courses as early as this year and we believe this will not only strengthen our knowledge pool but could be a future revenue stream for the Group.

Technology has been a big factor in Q & M remaining at the forefront of dentistry. As one of the pioneers of Computer-Aided Design/Computer-Aided Manufacturing (CAD/CAM) dentistry in Singapore and the first in the world to produce multilayer zirconium blocks with six layers of gradient colours through equity-accounted associate Aidite, technological innovation is a deep-seated value at Q & M. We are now moving into pioneering territory by developing AI based diagnostics and treatment. QMDAI was conceived in November 2018 in our lifelong dedication to advancing Q & M and its capabilities, and the Group recently signed an agreement with International Medical University (IMU), Malaysia to jointly develop the software for the AI. Primarily focused on the development of dental healthcare software for use in diagnosis and treatment planning, QMDAI is intended to bring into the Group capabilities currently absent in regional dental markets.

CARING FOR OUR CORE

The Group's core business will always be in dental healthcare services, and the new initiatives will not only allow us to provide higher quality dental services but is also intended to help us open doors into other regional markets.

Our continuous efforts to drive organic growth in the Singapore and Malaysia operations have seen positive results with dental clinics in Singapore increasing from 70 at the start of FY2018 to 74 at the date of this message. Similarly, in Malaysia, the number of dental clinics for the Group has increased from 14 to 17. We intend to further this expansion with one new rental agreement signed for an opening in Singapore, expected to commence operations in 3Q2019, as well as one new rental agreement for an opening in Malaysia. In Malaysia, we are especially interested in Johor Bahru and Klang Valley, which have continued to show great prospects. Overall, our aim in FY2019 for Singapore and Malaysia is to achieve a total of 20 openings.

As we continue to drive our expansion, we closely monitor our finances to ensure that we sit in a healthy position, poised to capture opportunities as they arise. In FY2018, the Group entered into banking facility agreements with more attractive interest rates, for an aggregate loan of S$60 million. The loans were used to redeem the Group's issuance of the S$60 million 4.40 per cent. notes, pursuant to the S$200 million Multicurrency Medium Term Note Programme established by the Group on November 2013.

THE FUTURE

In Singapore, the new government policies aimed at supporting the healthcare needs of our Merdeka generation is likely to have a favourable impact in 2019 and beyond.

What is important to note, is that we have a holistic dental operation and we are still growing. This comprises well-located dental clinics and a comprehensive suite of services, supported by a network of dental equipment and dental supplies distribution companies and in-house dental laboratories, and soon to be boosted by advances in dental education and dental AI. All these factors position us well to capture opportunities from the Merdeka Generation package which is expected to benefit about 500,000 Singaporeans through their silver years.

Through the continued provision of accessible and quality dental healthcare, paired with strong community outreach initiatives, we aim to leverage on our brand equity in our stronghold, the heartlands. We will also sharpen our focus on recruitment in this rising market, seeking to increase the number of dentists and clinic assistants to cater to the expected increase in demand. This will include sponsorships and bursaries for aspiring dentists in the National University of Singapore (NUS) and the opportunity for them to be attached to our specialists and senior dentists around the region.

Regionally, we continue to observe favourable dynamics for healthcare such as a burgeoning middle class, increased demand for technology, and supportive government regulations and policies, heightening our keenness to look at new markets for expansion.

IN APPRECIATION

We are very grateful to our Board of Directors for their counsel and insight, guiding the Group as we progressed on with our growth strategies. We would also like to show our appreciation to all our shareholders, partners, dentists, staff and patients who have continued to support, trust and believe in our growth potential.

Enhancing long-term value for all stakeholders is what we hope to achieve, and we look forward to making prospects a reality in the year to come.

Mr Narayanan Sreenivasan @ N Sreenivasan
Independent Non-Executive Chairman

Dr Ng Chin Siau
Non-Independent Executive Director
and Group Chief Executive Officer

FY2018 KEY FIGURES

REVENUE
$119.9 m

PROFIT BEFORE TAX
$14.8 m

EBITDA
$20.7 m

CURRENT RATIO (TIMES)
3.5

CASH POSITION
$24.9 m

EARNINGS PER SHARE
1.77 cents

NAV PER SHARE
14.1 cents

OPERATIONS REVIEW

Representative of a leading private dental healthcare provider in Asia, Q & M maintained its focus on aggressive organic expansion, regional growth and remaining at the forefront of dental technology. Steady financial performance was achieved and several roots were established that will support the Group's future growth for years to come. Complementing its growth strategy was the Group's efforts in raising its brand profile which earned recognition in the form of awards and accolades.

SINGAPORE

Synonymous with accessible and quality dental healthcare and armed with a dedicated team of over 230 experienced dentists and close to 400 clinical and administrative personnel, the Group continued to strengthen its foothold in its core market, Singapore.

For its unyielding commitment to deliver quality dental healthcare, Q & M has received several accolades over the years. For FY2018 the Group was conferred:

- Reader Digest's Trusted Brands Platinum Award 2018 (Dental Clinic)
- Influential Brands' Top Brand 2018 (Dental Clinic)
- Invisalign's Diamond Provider Certification

In 2018, to bolster its presence in the local market, five dental clinics were opened, two in Yishun, and one each in Khatib, Woodlands and Tampines. Optimising the Group's operations, two existing clinics in Punggol were consolidated into one clinic, and Bugis Dental Centre in Victoria Street was relocated to Bugis Junction. As at 31 December 2018, the Group had 73 dental outlets and 4 medical outlets in operations compared to 70 dental outlets and 4 medical outlets as at 31 December 2017. Another addition came in February 2019, when the Group opened a dental clinic at The Poiz Centre, Upper Serangoon. The Group also signed one new rental agreement for an opening in Paya Lebar, expected to commence operations in 3Q2019.

As part of the Group's continued efforts to provide leading dental care and build additional revenue streams, the Group incorporated two wholly-owned subsidiaries, QMDAI in November 2018 and QMCD in December 2018. QMDAI focuses on developing dental healthcare software in diagnostics and treatment planning, while QMCD aims to offer premier post-graduate continuing dental education programmes.

Quantumleap Healthcare Pte Ltd, the dental equipment and dental supplies distribution arm, continued to secure attractive dealerships with various reputable principals. It currently serves the Group's network of clinics as well as third-party dentists and dental clinics. It also operates a CAD/CAM digital dental laboratory in line with the Group's desire to always adopt the latest advances in dental technology.

As a socially responsible firm, the Group consciously integrates a compassionate disposition into its corporate culture. During 2018, the Group participated in The Boys Brigade's BB CARES (Community Activities Rallying Everyone to Serve), Anchorvale Community Club's Make a Wish 2018 and Project Yim.

BB CARES' theme for the year was healthy living and the Group sponsored around 100 boys, parents, and alumni and also around 100 beneficiaries from nursing homes and assisted living facilities with dental care products.

The Group also participated in Make a Wish 2018, held in December 2018 at Anchorvale Community Club with over 300 participants and residents. In the festive spirit of giving, less privileged children from Sengkang West were invited to a day of bonding and activities, successfully creating a sense of community camaraderie and garnering support for the children.

OPERATIONS REVIEW

Project Yim was carried out by undergraduates from Nanyang Technological University's School of Physical and Mathematical Sciences. Project Yim which means 'Project Smile' in Lao, was an overseas community involvement programme to Laos. It aimed to resolve overcrowding issues faced by Nonmixay Village School by expanding their school facilities, as well as to inculcate a passion towards learning among the local students.

The Group also took part in various dental students' activities, notably it was the main sponsor for the annual Asia Pacific Dental Students Association's convention held in Kuala Lumpur in August 2018. It is with such activities that the Group continues to enhance its brand equity as a leading approachable and accessible provider of quality dental healthcare in the region.

THE PEOPLE'S REPUBLIC OF CHINA (PRC)

The main thrust of the Group's proposed joint ventures and organic growth initiatives 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 the PRC.

In November 2018, Aidite (Qinhuangdao) Technology Co. Ltd. ("Aidite"), the Group's associated company, delisted its shares from the National Equities Exchange and Quotations of the People's Republic of China to explore certain strategic business development opportunities.

As at 31 December 2018, the Group had 1 dental outlet in the PRC, similar to the end of the previous corresponding period.

MALAYSIA

The Group's Malaysia operations spans across several states including Johor, Kuala Lumpur, Selangor and Malacca. These include dental clinics, and a dental equipment and dental supplies distribution arm, AR Dental Supplies Sdn Bhd, a subsidiary of the Group.

In 2018, the Group furthered its organic expansion, announcing the incorporation of two private company entities, Q & M Dental Surgery (Selatan) Sdn Bhd and Q & M Dental Surgery (KL) Sdn Bhd. The Group also acquired the business assets of Perling Dental and Chin Dental.

As at 31 December 2018, the Group runs a total of 17 dental outlets in Malaysia as compared to 14 dental outlets as at 31 December 2017.

The recent openings were in Kepong, Setapak and Klang, Malaysia in January 2019. In addition, the Group has also signed six new rental agreements for dental clinics in Malaysia. With a view of further expansion, especially in Johor and Klang Valley, the Group will continue to monitor the Malaysian economy closely.

FINANCIAL REVIEW

REVENUE

For the financial year ended 31 December 2018 ("FY2018"), the Group's revenue from dental and medical clinics, excluding Aoxin, rose by 3% to S$111.7 million from S$108.7 million for the previous financial year ("FY2017"). The increase was mainly due to higher revenue from existing and new dental outlets in Singapore and Malaysia.

In Singapore, the Group has a total of 73 dental outlets and 4 medical outlets in operation as at 31 December 2018, compared to 70 dental outlets and 4 medical outlets as at 31 December 2017.

The Group has a total of 17 dental outlets in Malaysia and 1 dental outlet in the People's Republic of China ("PRC") as at 31 December 2018, compared to 14 dental outlets in Malaysia and 1 dental outlet in PRC as at 31 December 2017.

Revenue contribution from the dental equipment and supplies distribution business, excluding Aoxin, fell by 5% to S$8.2 million for FY2018 from S$8.6 million for FY2017. The decrease was mainly due to lower revenue from the dental equipment and supplies distribution company in Singapore.

OTHER GAINS - NET

Other gains - net for FY2018 amounted to S$1.3 million as compared to S$10.8 million for FY2017. The decrease was mainly due to a one-time gain of S$17.4 million from the spin-off of Aoxin from a subsidiary to an associate in April 2017 by listing it on the Singapore Exchange Catalist Board.

OPERATING EXPENSES

Consumables and supplies used rose by 5% to S$8.4 million for FY2018 from S$8.0 million for FY2017, in line with the increase in revenue and new dental clinics opened for FY2018.

As a percentage of revenue from the dental and medical clinics, consumables and dental supplies used in the dental and medical clinics for FY2018 was 7.5% compared to 7.1% for FY2017.

The cost of sales from dental equipment and supplies distribution business fell by 21% to S$5.8 million for FY2018 from S$7.4 million for FY2017. The decline was mainly due to the decrease in revenue of the dental equipment and supplies distribution company in Singapore for FY2018 and 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 for dental equipment and supplies distribution for FY2018 was 71.0% compared to 69.3% for FY2017.

Employee benefits expenses for FY2018 edged up by 1% to S$70.6 million from S$69.8 million for FY2017.

Depreciation and amortisation expenses remained at S$3.3 million for FY2018 and FY2017.

As a percentage of revenue, depreciation and amortisation expenses for FY2018 was 2.8% compared to 2.7% for FY2017.

Other expenses fell by 21% to S$7.5 million for FY2018 from S$9.4 million for FY2017. The decrease was mainly due to reduced legal and professional 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 for FY2018 was 6.2%, compared to 7.6% for FY2017.

SHARE OF PROFIT FROM EQUITY-ACCOUNTED ASSOCIATES

Share of profit from equity-accounted associates for FY2018 increased by 17% to S$4.6 million for FY2018 from S$4.0 million for FY2017, due to higher share of profit from Aidite.

PROFITABILITY

Due to the aforementioned factors, the Group's profit before tax was lower by 39% at S$14.8 million for FY2018 from S$24.4 million for FY2017.

Excluding other gains, the Group reported a profit attributable to owners of the parent, net of tax of S$12.7 million for FY2018 compared to S$13.1 million for FY2017.

FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents as at 31 December 2018 decreased to S$24.9 million from S$37.0 million as at 31 December 2017. The S$12.1 million decrease was mainly due to share buyback of S$4.7 million and dividends paid to equity owners of S$10.5 million, offset by net cash generated from operations.

Trade and other receivables as at 31 December 2018 rose to S$16.7 million from S$15.6 million as at 31 December 2017. The S$1.1 million rise was mainly due to an increase in revenue from the dental equipment and supplies distribution business in Malaysia and profit guarantee receivables from vendors of the subsidiaries.

Inventories as at 31 December 2018 increased to S$6.9 million from S$6.5 million as at 31 December 2017.

Other current assets as at 31 December 2018 increased to S$2.6 million from S$2.2 million as at 31 December 2017. The increase was mainly due to an increase in sign on bonuses for dentists. Similarly, other non-current assets as at 31 December 2018 increased to $10.8 million from S$8.2 million as at 31 December 2017, mainly due to an increase in sign on bonuses for dentists.

The net book value of property, plant and equipment as at 31 December 2018 was S$20.4 million compared to S$21.3 million as at 31 December 2017. The S$0.9 million decrease was mainly due to depreciation of plant and equipment.

The intangible assets as at 31 December 2018 was marginally lower at S$53.3 million compared to S$53.5 million as at 31 December 2017.

Investment in associates as at 31 December 2018 rose to S$77.4 million from S$74.3 million as at 31 December 2017. The S$3.1 million increase was mainly due to the share of profit from equity-accounting associate, Aidite.

Trade and other payables as at 31 December 2018 fell to S$14.0 million from S$17.5 million as at 31 December 2017. The S$3.5 million decrease was mainly due to the settlement of S$2.1 million amount due to shareholders of associate and the settlement of accrued MTN interest on 19 March 2018.

Other financial liabilities as at 31 December 2018 fell to S$0.4 million from S$60.5 million as at 31 December 2017. The S$60.1 million decrease was mainly due to repayment of MTN on 19 March 2018.

CASH FLOWS

The Group generated net cash flow from operating activities of S$13.1 million for FY2018. This was mainly derived from the profit generated for FY2018.

Net cash used in investing activities for FY2018 amounted to S$5.0 million, mainly due to sign on bonuses and purchase of plant and equipment for the existing clinics and opening of new dental clinics.

Net cash used in financing activities for FY2018 was S$20.2 million mainly due to share buyback, interest payment and dividend payment of S$10.5 million.

Consequent to the above factors, the Group's cash and cash equivalents was S$24.9 million as at 31 December 2018.

Regular reviews are conducted on the Group's various financing options to enhance its cash flow. In January 2018, the Group entered into banking facility agreements, for two S$30 million three-year term loans, provided by United Overseas Bank Limited and Oversea-Chinese Banking Corporation Limited respectively, which amounted to an aggregate loan of S$60 million. The banking facilities provided attractive interest rates and were used to redeem the Group's issuance of the S$60 million 4.40 per cent. notes, pursuant to the S$200 million Multicurrency Medium Term Note Programme established by the Group on November 2013.

DIVIDEND

The Group's Board of Directors is pleased to recommend a final dividend of 0.42 cents per share, for approval by the shareholders at the Annual General Meeting ("AGM"). This will bring the total dividends for FY2018 to 0.82 cents per share. If approved at the AGM, the final dividend is expected to be paid out on 24 May 2019.

BOARD OF DIRECTORS

MR NARAYANAN SREENIVASAN @ N SREENIVASAN

Independent Non-Executive Chairman

Mr Narayanan Sreenivasan @ N Sreenivasan was appointed as Independent Non-Executive Chairman of Q & M on 14 October 2009. He is the Managing Director of K & L Gates Straits Law LLC and has 33 years of experience in government and private legal practice. He is also an Independent Director of FSL Trust Management Pte. Ltd. He graduated with a LLB (Hons) from the National University of Singapore in July 1985. He is an Advocate and Solicitor of the Supreme Court of the Republic of Singapore and is also a Fellow of the Singapore Institute of Arbitrators and a Fellow of the Chartered Institute of Arbitrators. Mr Sreenivasan has an active litigation practice and was appointed as Senior Counsel in January 2013. He is a Director of the Law Society Pro Bono Services and the Singapore Business Federation Foundation. Mr Sreenivasan has previously been the Honorary Secretary of the Singapore Indian Development Association and a Council Member and Treasurer of the Law Society.

DR NG CHIN SIAU

Non-Independent Executive Director and Group Chief Executive Officer

Dr Ng Chin Siau is the Group's founder and Group Chief Executive Officer. He was appointed as Non-Independent Executive Director of Q & M on 7 January 2008. Dr Ng is responsible for the corporate direction of the Group. He leads the Group in all aspects of its business strategies, policy planning and business development in Singapore, Malaysia and the PRC.

In June 1992, he graduated from the National University of Singapore with a Bachelor of Dental Surgery. Dr Ng also obtained a Certificate of Implantology from the University of Frankfurt in December 2003. He was also an Elected Member of the Singapore Dental Council from May 2006 to April 2009. From May 1992 to October 1994, he was a Dental Officer with the Ministry of Health. Subsequently in November 1994, he left to join a private dental clinic at Bukit Batok as an Associate Dental Surgeon until October 1996. In November 1996, he founded the Group and has charted its growth since then.

Dr Ng is a member of the Singapore-Liaoning and Singapore-Shangdong Economic and Trade Council, Guangzhou Singapore Business Council, a Patron of the Ang Mo Kio-Hougang Citizen's Consultative Committee and a Committee Member of River Valley High School's School Advisory Committee.

Dr Ng received the Best Entrepreneur Award in the discipline of Dentistry from the National University of Singapore's Business Incubation of Global Organisations in September 2007. In September 2009, he was named the "Top Entrepreneur" and winner of "The Entrepreneur of the Year Award ("EYA") for Enterprise" in the 2009 Rotary Club - ASME EYA. In December 2010, Dr Ng was conferred the "Ernst & Young Entrepreneur of The Year 2010 Award (Healthcare Services)". In 2015, Dr Ng was named the "Best CEO of the Year for Companies with $300 million to $1 billion Market Capitalisation" at the Singapore Corporate Awards.

DR ANG EE PENG RAYMOND

Non-Independent Executive Director and Chief Operating Officer

Dr Ang Ee Peng Raymond is the Group's Chief Operating Officer. He was appointed as Non-Independent Executive Director of Q & M on 13 June 2008. Dr Ang's responsibilities include the Group's human resource function, information technology, procurement, marketing, ISO implementation and complaints handling. He is assisted by the Group's General Manager, Mdm Foo Siew Jiuan.

Dr Ang is a practicing dentist in the Group's dental clinics at Bukit Gombak and Bukit Panjang. Dr Ang joined the Group in April 2004. Prior to that, from July 1994 to 1996, Dr Ang served as a staff officer with the Singapore Armed Forces Medical Corps. From July 1996 to March 2004, Dr Ang was with the dental group practice, First Impressions Dental Surgery Pte Ltd.

He graduated from the National University of Singapore with a Bachelor of Dental Surgery in July 1994. He has been a Fellow of the Academy of Dentistry International since September 2009 and Fellow of the International College of Dentist since November 2010. Dr Ang is also an Advisor to the Singapore Dental Association Ethics Committee. Dr Ang has been an Elected Member of the SDC since May 2009. He is also the Chairman of the SDC Audit Committee, a member of the SDC's Complaints Panel and the SDC's Continuing Professional Education Committee. Dr Ang is a member of Nanyang Polytechnic School of Health Sciences Dental Therapy & Hygiene Advisory Panel. He is also member of the Singapore Medical Council's Complaints Panel. In 2012 Dr Ang was presented with the prestigious "Singapore Dental Association Meritorious Award" for his contributions to the dental profession in Singapore.

BOARD OF DIRECTORS

PROF TOH CHOOI GAIT

Independent Non-Executive Director

Prof Toh Chooi Gait was appointed as Independent Non-Executive Director of Q & M on 25 June 2013. Currently, she is the Pro Vice Chancellor (Strategic Development and International) in International Medical University, Malaysia. She is the Chairman of the Examination Committee of the Malaysian Dental Council that is responsible for the development and implementation of the Professional Qualifying Examination for registration of Dental Practitioners. She has also served in various leading positions in the International Association for Dental Research and South East Asia Association for Dental Education.

Prof Toh has over 35 years of experience in dentistry and has co-authored books and published more than 60 articles on dentistry in various professional journals. She regularly conducts dental workshops and training for dentists in Malaysia and abroad. She has a Bachelor of Dental Surgery with Honors from the University of Singapore, Master of Science in Conservative Dentistry from University of London, Diploma in Restorative Dentistry from Royal College of Surgeons of Edinburgh, and is a Fellow in Dental Surgery with the Royal College of Physicians and Surgeons of Glasgow. She has also been conferred Honorary Fellowships by Academy of Dentistry International, International College of Dentists and Royal College of Surgeons of Edinburgh. She serves as an examiner for the Royal College of Surgeons of Edinburgh for the MFDS Part 2 Examination and the Diploma in Implant Dentistry Examination.

MR NG WENG SUI HARRY

Independent Non-Executive Director

Mr Ng Weng Sui Harry was appointed as Independent Non-Executive Director of Q & M on 14 October 2009. He is currently the Executive Director of HLM (International) Corporate Services Pte. Ltd., a company that provides business consultancy and corporate services. Mr Ng is also an Independent Director of a number of companies listed on the SGX-ST. Mr Ng has more than 30 years of experience in accountancy, audit and finance. He is a Fellow Member with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He obtained a Masters of Business Administration (General Business Administration) from The University of Hull, UK.

MR CHIK WAI CHIEW (ZHI WEICHAO)

Non-Independent Non-Executive Director

Mr Chik Wai Chiew (Zhi Weichao) was appointed as Non-Independent Non-Executive Director of Q & M on 14 August 2017. Currently, he is the Chief Executive Officer and the Executive Director of Heritas Capital Management Pte. Ltd., a Singapore based private equity and venture capital investment firm that makes investments in healthcare, technology and education sectors across Asia Pacific. He has over 20 years of experience in global investment management and strategic business development, having been active in leading various companies on transformational growth strategies, fund raising and mergers & acquisitions. Mr Chik was awarded the Glaxo-EDB scholarship and holds a BA in Economics from Cambridge University, UK and an MA from Yale University, USA. He has also completed EMBA (conducted in Mandarin) from Cheung Kong Graduate School of Business, the PRC.

EXECUTIVE OFFICERS

MS FOO SIEW JIUAN

General Manager

Ms Foo Siew Jiuan is the Group's General Manager and her current responsibilities include assisting the Company's COO on the Group's daily operational matters, such as human resource, procurement, marketing and service recovery. From May 1993 to January 1997, she was a Retail Pharmacist and Outlet Manager at Guardian Pharmacy Singapore. From May 1998 to June 1999, she continued to work part-time as a Pharmacist at St. Luke's Hospital in Singapore. She joined the Group in November 1996 on a part-time basis before working fulltime with the Group from July 1999. She graduated with a Bachelor of Science (Pharmacy) from the National University of Singapore in June 1992.

MR SIM YU XIONG

Chief Financial Officer

Mr Sim Yu Xiong is the Group's Chief Financial Officer. He is responsible for the Group's financial management, tax and investment, as well as assisting the Group CEO on merger and acquisition activities. Mr Sim has accumulated vast experiences in the areas of finance, audit and business management. Prior to joining the Group on 6 April 2010, he was the Chief Financial Officer of W.Atelier Pte. Ltd. from April 2008 to March 2010. From June 2007 to March 2008, he held the position of General Manager at Inke Pte. Ltd. Between June 2003 and June 2007, Mr Sim was the Group Financial Controller of Pacific Healthcare Holdings Ltd. In addition, he had also held various managerial positions previously as Finance Manager with Torie Holdings Pte Ltd from August 1997 to May 2003 and General Manager with Fullmark Pte. Ltd. from August 1986 to August 1997. From September 1980 to July 1986, Mr Sim was an auditor with Coopers & Lybrand, prior to its merger with Price Waterhouse in 1998. Mr Sim was appointed as the Non-Executive Director of Aoxin Q & M Dental Group Limited in April 2017. Mr Sim is a Fellow Member with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK).

MS NG SOOK HWA

Group Financial Controller

Ms Ng Sook Hwa is the Group's Financial Controller. Her current responsibilities include assisting the Group's Chief Financial Officer in finance and compliance matters. Prior to joining the Group in March 2002, Ms Ng was a second year graduate assistant in KPMG, Singapore from October 2000 to February 2002. Ms Ng graduated with a Bachelor of Commerce, Finance and Marketing (with distinction) from Curtin University of Technology, Australia in August 1998. She also obtained her Masters of Accounting from Curtin University of Technology, Australia in April 2000 and is a member of CPA Australia.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Narayanan Sreenivasan @ N Sreenivasan
(Independent Non-Executive Chairman)

Dr Ng Chin Siau
(Non-Independent Executive Director and Group Chief Executive Officer)

Dr Ang Ee Peng Raymond
(Non-Independent Executive Director and Chief Operating Officer)

Prof Toh Chooi Gait
(Independent Non-Executive Director)

Mr Ng Weng Sui Harry
(Independent Non-Executive Director)

Mr Chik Wai Chiew (Zhi Weichao)
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Mr Ng Weng Sui Harry (Chairman)

Mr Narayanan Sreenivasan @ N Sreenivasan
Prof Toh Chooi Gait

REMUNERATION COMMITTEE

Prof Toh Chooi Gait (Chairperson)

Mr Ng Weng Sui Harry
Mr Narayanan Sreenivasan @ N Sreenivasan

NOMINATING COMMITTEE

Prof Toh Chooi Gait (Chairperson)

Mr Ng Weng Sui Harry
Mr Narayanan Sreenivasan @ N Sreenivasan

COMPANY SECRETARY

Ms Toon Choi Fan
Ms Selena Leong Siew Tee

REGISTERED OFFICE

81 Science Park Drive, #02-04
The Chadwick, Singapore
Science Park 1
Singapore 118257
www.QandMDental.com.sg

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road, #02-00
Singapore 068898

AUDITORS

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
Ms Tay Hui Jun, Sabrina (Partner-in-charge)

THE Q & M EXTENDED FAMILY

FINANCIAL CONTENTS

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of Q & M Dental Group (Singapore) Limited (the "**Company**" and together with its subsidiaries, the "**Group**") (the "**Board**" or "**Directors**") is committed to maintaining high standards of corporate governance and has adopted the principles of the Code of Corporate Governance 2012 (the "**Code**") to enhance transparency and accountability as well as to protect the interest of shareholders. The Board confirms that, for the financial year ended 31 December 2018 ("**FY2018**"), the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Mainboard Rules**").

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1 ***Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.***

The Board is entrusted with the responsibility for the overall management of the Company. It establishes the corporate strategies of the Company as well as sets the direction and goals for the executive management. It supervises the executive management and monitors performance of these goals to enhance shareholders' value. The Board is also responsible for implementing and maintaining sound corporate governance practices for the Company.

The Board has established an internal framework to ensure that the type of material transactions that require the Board's approval is consistently applied throughout the Group. Matters requiring Board approval include:

(a) overall Company's business and budget strategy;

(b) capital expenditures, investments or divestments exceeding material limits;

(c) all capital-related matters including capital issuance;

(d) significant policies governing the operations of the Company;

(e) corporate strategic development and restructuring;

(f) material acquisitions and disposals of assets;

(g) material interested person transactions;

(h) risk management strategies;

(i) approval of quarterly, half yearly and year end result announcements and the release thereof; and

(j) approval of the annual reports and accounts for presentation at annual general meeting ("**AGM**").

The Company's Constitution provides for Directors to participate in meetings of Directors by means of conference telephone, video conferencing, audio visual, or other similar communication equipment by means of which all persons participating in the meeting can hear and be heard by each other, without a Director being in the physical presence of the other Directors.

For each newly appointed Director, he/she will receive appropriate training including familiarisation with the Company's business, governance practices and relevant statutory and regulatory compliance issues to ensure that he/she has a proper understanding of the Company and is fully aware of his/her responsibilities and obligations of being a Director of a listed company. To get a better understanding of the Group's business, the Directors are given the opportunity to visit the Group's operational facilities and meet with the key management personnel. The Company will also provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and responsibilities.

The Company is responsible for arranging and funding the training of Directors. Directors are updated with the latest professional developments in relation to the Mainboard Rules, accounting standards and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

To facilitate effective management and to support the Board in discharging its duties and responsibilities efficiently and effectively, certain functions of the Board have been delegated to various Board committees, namely the Audit Committee (the "**AC**"), Nominating Committee (the "**NC**") and Remuneration Committee (the "**RC**") (collectively the "**Board Committees**"). The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

The Board has scheduled to meet at least four (4) times a year and to coincide such meetings with the review and approval of the Group's results announcements. The Board meets on a regular basis as well as ad-hoc meetings, if warranted by circumstances deemed appropriate by the Board. At those meetings, the Board reviewed the Group's financial performance, annual budget, corporate strategy, business plans, potential acquisitions, risk management policies and significant operational matters. The number of Board and Board Committees meetings held during the financial year ended 31 December 2018 and the attendance of each Director, where relevant, are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of Meetings held / Name of Directors	4	4	1	1
Mr Narayanan Sreenivasan @ N Sreenivasan	4	4	1	1
Dr Ng Chin Siau	4	NA	NA	NA
Dr Ang Ee Peng Raymond	4	NA	NA	NA
Mr Ng Weng Sui Harry	4	4	1	1
Prof Toh Chooi Gait	3	3	1	1
Mr Chik Wai Chiew (Zhi Weichao)	4	NA	NA	NA

NA: Not Applicable

The Board has sought to identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation, including but not limited to the dentists and patients.

The Board has considered sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group.

Board Composition and Guidance

Principle 2 ***There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

The Board comprises of six (6) Directors of whom two (2) are Executive Directors; three (3) are Independent Non-Executive Directors; and one (1) is Non-Independent Non-Executive Director, which have the appropriate mix of core competencies and diversity of experience to direct and lead the Company. There is a good balance between the executive and non-executive Directors, with a strong and independent element on the Board. As at the date of this report, the Board comprises the following members:

Mr Narayanan Sreenivasan @ N Sreenivasan	(Independent Non-Executive Chairman)
Dr Ng Chin Siau	(Non-Independent Executive Director and Group Chief Executive Officer)
Dr Ang Ee Peng Raymond	(Non-Independent Executive Director and Chief Operating Officer)
Mr Ng Weng Sui Harry	(Independent Non-Executive Director)
Prof Toh Chooi Gait	(Independent Non-Executive Director)
Mr Chik Wai Chiew (Zhi Weichao)	(Non-Independent Non-Executive Director)

The Board considers its current Board size appropriate for the facilitation of decision making, taking into account the nature and scope of operations of the Group. The Board comprises Directors of both gender with strong industry knowledge and diversified background such as legal and accounting, and who collectively bring with them a wide range of experience. The Board is also of the view that the Board comprises persons who as a group provide capabilities required for the Board to be effective. Members of the Board are regularly in touch with the management to provide advice and guidance on matters for which their expertise will be constructive to the Group.

The Non-Executive Directors exercise no management functions in the Company or any of its subsidiaries. Although all the Directors are equally responsible for the performance of the Group, the role of the Non-Executive Directors are important to ensure that the strategies proposed by the management are fully discussed and examined by taking into account the long-term interests of shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. To facilitate a more effective check on management, the Non-Executive Directors will, when necessary, meet in the absence of management to discuss concerns or matters such as overall Group business strategic and investments.

The Company has also adopted initiatives to ensure that the Directors are supported by accurate and timely information and have unrestricted access to the management. These initiatives include informal meetings for the management to brief the Directors on potential deals and strategies at an early stage and to circulate relevant information on various business initiatives.

Each of the Independent Directors has completed an independent director's declaration form and confirmed his/her independence. The independence of each Director has been and will be reviewed on an annual basis and as and when the circumstances require, by the NC, with reference to the guidelines as set out in the Code. Rigorous review will also be conducted by the NC when assessing the continued independence of a Director who has served for more than nine (9) years from the date of first appointment.

The NC has determined that the Independent Directors are independent in accordance with the Code. The Independent Non-Executive Directors, Mr Narayanan Sreenivasan @ N Sreenivasan, Mr Ng Weng Sui Harry and Prof Toh Chooi Gait have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company. With the Independent Directors making up half of the Board, the NC is of the view that there is a strong and independent element on the Board.

For FY2018, the independent directors who have served for more than 9-year tenure were rigorously assessed by the NC and the Board to determine if they possess positive personal attributes such as independent thinking and keen observation, and if they had demonstrated the ability to maintain integrity and strong principles.

Based on the directors' performance assessment and the rigorous review process for FY2018, the NC and the Board were satisfied that the directors who had served for more than 9-year tenure, namely Mr Narayanan Sreenivasan @ N Sreenivasan and Mr Ng Weng Sui Harry, had continue to maintain independence in their oversight role and they had continued to add value to the Company. Each independent director had recused himself in the determination of his own independence.

The profiles of the Directors are set out on pages 9 to 10 of this Annual Report.

Chairman and Chief Executive Officer

Principle 3 ***There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.***

There is a clear division of responsibilities between the Chairman and Group CEO, which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power. Mr Narayanan Sreenivasan @ N Sreenivasan, the Independent Non-Executive Chairman, and Dr Ng Chin Siau, the Group Chief Executive Officer ("**CEO**"), are not related to each other.

The Group CEO is responsible for the business management and day-to-day operations of the Company. He takes a leading role in developing and expanding the businesses of the Group including making major business and finance decisions. He also oversees the execution of the Company's corporate and business strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Company's businesses.

The Chairman leads the Board discussion and also ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures that Directors are provided with complete, adequate and timely information. He chairs the Board meetings and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues, and promotes a culture of openness and debate at the Board. He also assists in ensuring compliance with the Group's guidelines on corporate governance. He encourages constructive relations within the Board and between the Board and the Management, and ensures effective communications between the Company and its shareholders.

The Board has not appointed a Lead Independent Director as the roles of the Chairman and CEO are distinctly separate; the Chairman is not part of executive management; the Board has a strong element of independence with 3 out of 6 Directors being independent; and the Board discussion are open and frank. The independent directors also hold meeting(s) without the presence of the other directors, and provide feedback to the Chairman after the meeting(s). The Board will review the need for a Lead Independent Director as part of its continuous assessment of corporate governance best practices.

Board Membership

Principle 4 ***There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.***

All NC members are Independent Non-Executive Directors, all of whom are independent of the Management. The NC comprises the following members:

Prof Toh Chooi Gait	(Chairperson)
Mr Narayanan Sreenivasan @ N Sreenivasan	(Member)
Mr Ng Weng Sui Harry	(Member)

The NC meets at least once a year. The principle functions of the NC under its term of reference include, but are not limited to, the following:

(a) recommending to the Board on all board appointments, including re-nominations of existing Directors for re-election in accordance with the Constitution of the Company, having regard to the Director's contribution and performance;

(b) determining on an annual basis whether or not a Director is independent;

(c) deciding whether the Director is able to and has been adequately carrying out his/her duties particularly when he/she has multiple board representations;

(d) implementing a process for evaluation and assessing the performance of the Board and contribution of each Director to the effectiveness of the Board;

(e) reviewing and approving any new employment of related persons and their proposed terms of employment;

(f) reviewing and recommending to the Board succession plans for Directors, in particular, the Chairman and the Group CEO; and

(g) the review of training and professional development programs for the Board.

The NC reviews the need for appointment of additional director(s) from time to time and has in place policies and procedures for the selection, appointment and re-appointment of Directors to the Board, including a search and nomination process. The NC will seek to identify the competence required for the Board to fulfil its responsibilities. The NC can also engage recruitment consultants or engage other independent experts to undertake research on, or assess candidates for new positions on the Board. New Directors are appointed by way of Director's resolution, after the NC has reviewed and nominated them by taking into consideration the qualification and experience of each candidate. The Constitution of the Company has stated clearly the procedures for the appointment of new Directors, re-election and removal of Directors.

In accordance with the Company's Constitution, one-third (1/3) of the Directors (excluding the CEO or any Director who is acting in the same capacity as the CEO), or if their number is not three or a multiple of three, then the number nearest one-third are required to retire by rotation and shall be eligible for re-election at every AGM of the Company. Further, all Directors are required to retire from office at least once every three (3) years and such Directors will be eligible for re-election at the meeting at which he retires. Director(s) appointed by the Board during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at that AGM.

The Board has accepted NC's recommendation to seek shareholders' approval to re-elect Mr Ng Weng Sui Harry and Dr Ang Ee Peng Raymond, at the forthcoming AGM.

In making the above recommendation, the NC has considered the respective Director's overall performance and contributions. Mr Ng Weng Sui Harry and Dr Ang Ee Peng Raymond had each abstained from the NC's deliberation in respect of their performance assessment and re-nomination as a Director of the Company.

Mr Ng Weng Sui Harry will, upon re-election as Director of the Company, remain as the Independent Director, Chairman of AC, and member of NC and RC. Mr Ng Weng Sui Harry will be considered independent for the purpose of Rule 704(8) of the Mainboard Rules. He has no relationships including immediate family relationship with other Directors, the Company or its substantial shareholders.

Dr Ang Ee Peng Raymond will, upon re-election as Director of the Company, remain as an Executive Director and Chief Operating Officer.

The Company does not have any alternate directors currently. Alternate directors may be appointed as and when the Board deems necessary.

The NC reviews and determines annually whether Directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his/her actual conduct on the Board, in making this determination.

For FY2018, the NC was satisfied that, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out, his/her duties as a Director of the Company. As the time requirement of each Director are subjective, the NC has decided not to fix a maximum limit on the number of directorships a Director can hold. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties for the Company.

Key information regarding the Directors, including their present and past three (3) years' directorship(s) in other listed companies and other principal commitments are set out below:

Director	Position	Date of initial appointment	Date of last re-election / re-appointment	Current directorships in other listed companies	Directorships in other listed companies over the past three years	Principal commitments
Dr Ng Chin Siau	Non-Independent Executive Director and Group CEO	7 January 2008	NA	NIL	NIL	NIL
Dr Ang Ee Peng Raymond	Non-Independent Executive Director and Chief Operating Officer	13 June 2008	25 April 2016	NIL	NIL	NIL
Mr Narayanan Sreenivasan @ N Sreenivasan	Independent Non-Executive Chairman	14 October 2009	19 April 2018	NIL	NIL	- Managing Director at K & L Gates Straits Law LLC
Mr Ng Weng Sui Harry	Independent Non-Executive Director	14 October 2009	25 April 2016	- Artivision Technologies Ltd - Oxley Holdings Limited - IEV Holdings Limited - HG Metal Manufacturing Limited	NIL	- Executive Director at HLM (International) Corporate Services Pte Ltd
Prof Toh Chooi Gait	Independent Non-Executive Director	25 June 2013	27 April 2017	NIL	NIL	- Foundation Dean and Professor of International Medical University, Malaysia
Mr Chik Wai Chiew (Zhi Weichao)	Non-Independent Non-Executive Director	14 August 2017	19 April 2018	NIL	NIL	- Executive Director and Chief Executive Officer at Heritas Capital Management Pte. Ltd.

NA: Not applicable

Board Performance

Principle 5 ***There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.***

The Board has established processes including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual Directors. The Board and individual Directors can direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual Directors.

The NC examines the Board's and the Board Committees' performances covering areas that include the size and composition of the Board, the Board's access to information, Board processes and accountability annually. The NC review and evaluate the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole.

For the evaluation process, the Directors will complete a board evaluation questionnaire which seeks to assess the effectiveness of the Board and the Board Committees. The results are then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a report. The report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board and/or the Board Committees.

The contribution of each individual Director to the effectiveness of the Board is assessed individually and reviewed by the NC Chairman. The performance of the Directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork and overall contributions.

The NC would review the aforementioned criteria on periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval. There has been no change in assessment criteria for FY2018 as the assessment criteria for FY2017 was considered adequate for the aforementioned assessment.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the Board Committees and each individual Director has been satisfactory in FY2018. The NC will review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's businesses, the scope of operations, as well as changing regulatory requirements from time to time. In consultation with the NC, the Chairman will act on the results of the performance evaluation, propose for new members to be appointed to the Board or seek the resignation of Directors, where appropriate.

Access to Information

Principle 6 ***In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

The Directors have separate and independent access to the Management and the Company Secretary at all times. Requests for information from the Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur so as to enable them to make informed decisions to discharge their duties and responsibilities. The Management provides the Board with quarterly reports of the Company's performance. The Management also consults with Board members regularly whenever necessary and/or appropriate. The Board is issued with board papers in a timely fashion prior to Board meetings.

The Company Secretary or her representative, attends and prepares minutes of all Board and Board Committees meetings. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed so that the Board functions effectively and the Company's Constitution and the relevant rules and regulations applicable to the Company are complied with. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice at the Company's expense.

Remuneration Matters

Principle 7 ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.***

All RC members are Independent Non-Executive Directors. The RC comprises the following members:

Prof Toh Chooi Gait	(Chairperson)
Mr Narayanan Sreenivasan @ N Sreenivasan	(Member)
Mr Ng Weng Sui Harry	(Member)

The RC meets at least once a year. The principle functions of the RC under its term of reference include, but are not limited to, the following:

(a) to recommend to the Board a framework of remuneration for the Board and key management personnel, determine specific remuneration packages for each Executive Director and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

(b) to perform annual review of the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities which include review and approve any bonuses, pay increases and/or promotions for these employees;

(c) to review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will expire or have expired;

(d) to recommend the remuneration of Non-Executive Directors appropriate for the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors; and

(e) to consider the various disclosure requirements for Director's and senior management's remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

In discharging its duties, the RC will review and make recommendations on the specific remuneration packages for the Directors and key management personnel. The recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind, will be covered by the RC.

Where applicable, the RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

Each member of the RC shall abstain from voting on any resolutions or making any recommendations and/or participating in the deliberations of the RC in respect of his/her remuneration package.

The RC may from time to time, and where required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. If external consultants are appointed, the RC will ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. The expense of such services shall be borne by the Company.

Level and Mix of Remuneration

Principle 8 ***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

In recommending the level and mix of remuneration, the RC seeks to build, motivate and retain Directors and key management personnel. It ensures that competitive remuneration policies and practices are in place to draw and motivate high-performance executives so as to drive the Group's businesses to greater growth, efficiency and profitability.

The RC seeks to ensure that the level and mix of remuneration of Executive Directors and key management personnel is competitive, relevant and appropriate in linking awards with performance and that the amount and mix of compensation is aligned with the interests of shareholders and promotes the long-term success of the Group.

The remuneration of the Executive Directors, namely the Group CEO, and Chief Operating Officer are set out in their one (1) year service agreements with automatic renewal annually on such terms and conditions as the parties may agree commencing from 1 April 2011 (unless otherwise terminated by either party giving not less than six (6) months' notice to the other), and consists mainly of salary. In accordance with the said service agreement, each of them is entitled to receive a variable bonus at such rates or on such terms as may be determined and approved by the RC of the Company.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and comparable companies and the broad guidelines recommended by the Singapore Institute of Directors. The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contribution and responsibilities of the Non-Executive Directors.

The Director's fee for each of the Executive Director shall be agreed or determined by the RC of the Company.

The Company will submit the quantum of Directors' fees to the shareholders for approval at the AGM annually.

Disclosure on Remuneration

Principle 9 ***Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

A breakdown showing the level and mix of each individual Director's remuneration payable for FY2018 is as follows:

	Remuneration Band		Salary	Bonus	Benefits [1]	Professional Fees [2]	Directors' Fees +	Total
Name	Below $250,000	$250,000 to $500,000	%	%	%	%	%	%
Mr Narayanan Sreenivasan @ N Sreenivasan	√		0.0	0.0	0.0	0.0	100	100
Mr Ng Weng Sui Harry	√		0.0	0.0	0.0	0.0	100	100
Prof Toh Chooi Gait	√		0.0	0.0	0.0	0.0	100	100
Dr Ng Chin Siau		√	88	7	5	0	0	100
Dr Ang Ee Peng Raymond		√	78	6	6	10	0	100
Mr Chik Wai Chiew (Zhi Weichao)	-	-	-	-	-	-	-	-

+ The Directors' Fees are subject to approval by shareholders at the forthcoming AGM

Remuneration Band of key executives is set out below:

	Remuneration Band	Salary	Bonus	Benefits [1]	Total
Name	Below $250,000	%	%	%	%
Mr Sim Yu Xiong	√	87	7	6	100
Mr San Yi Leong [3]	√	84	7	9	100

Remuneration Band of key executives who are immediate family members of Dr Ng Chin Siau, the Group CEO and Executive Director of the company is set out as follows:

	Remuneration Band	Salary	Bonus	Benefits [1]	Total
Name	Below $250,000	%	%	%	%
Ms Foo Siew Jiuan [3]	√	85	7	8	100
Ms Ng Sook Hwa [3]	√	84	7	9	100

1. Benefits refer to mainly employer's contribution to the Central Provident Fund.
2. Professional fees refer to fees received as a practising dentist from certain wholly-owned subsidiaries of the Company.
3. Key executives who are related to the Group CEO and Executive Director, Dr Ng Chin Siau.
    (i) Ms Foo Siew Jiuan is the wife of Dr Ng Chin Siau.
    (ii) Ms Ng Sook Hwa is the sister of Dr Ng Chin Siau.
    (iii) Mr San Yi Leong is the brother-in-law of Dr Ng Chin Siau and husband of Ms Ng Sook Hwa, who resigned as Business Development Director on 31 December 2018.

The total remuneration paid to the top five key management personnel was S$829,000 for FY2018.

The remuneration of the Company's top five key management personnel takes into account the pay and employment conditions within the industry and is performance-related.

The Company is of the opinion that it is not in the best interest of the Company to disclose the exact details of remuneration of the Directors and key management personnel due to the competitiveness of the industry for key talent.

All Directors and the key management personnel are remunerated on an earned basis and there was no termination, retirement and post-employment benefits granted during FY2018.

Save as disclosed, there are no employees who are immediate family members of a Director or the Group CEO, and whose remuneration exceeds S$50,000 during the year.

The Board has sought to link the quantum of salary to the current market for the Executive Directors and key management personnel taking into consideration their respective roles and responsibilities. Bonuses are paid based on the individual performances and the performance of the Company as a whole.

The Board adopted the Q & M Employee Share Option Scheme 2018 ("**2018 Option Scheme**") to replace the previous Q & M Employee Share Option Scheme ("**Previous Scheme**"). The 2018 Option Scheme is to provide an opportunity for Employees and Directors who have contributed significantly to the growth and performance of the Group, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. In addition, the 2018 Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

Accountability and Audit

Principle 10 The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information that present a balanced and understandable assessment of the Company's performance, position and prospects and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Mainboard Rules.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within the legally prescribed periods.

The Management provides the Board with updates covering operational performance, financial results, marketing and business development and other relevant information on a regular basis as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospect.

Risk Management and Internal Controls

Principle 11 The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

It is the opinion of the Board that, in the absence of evidence to the contrary, the system of internal controls maintained by the Management that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks.

The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities.

The Company has appointed an independent third party, Nexia TS Risk Advisory Pte Ltd ("**Nexia TS**" or "**IA**") to perform internal audit reviews and to highlight all significant matters to the Management and the AC. Based on the work performed by the IA, the Board is satisfied with the Company's levels of risk tolerance and risk policies, and overseen the Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board has also received assurance from the Group CEO and the CFO that the financial records have been properly maintained, the financial statements give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems are effective.

Based on the report of the IA and internal controls established and maintained by the Group, actions taken by the Management, assurances from the Group CEO and CFO as well as reviews performed by the internal auditors and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risk of the Group for FY2018.

The Company prohibits its officers from dealing in the Company's shares on short term considerations. They are required to observe insider trading provisions under the Securities and Future Act at all times even when dealing in the Company's securities in the permitted periods.

Audit Committee

Principle 12 The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The role of the AC is to assist the Board with regard to the discharge of its responsibility to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the Management has created and maintained an effective control environment in the Company, and that the Management demonstrates and stimulates the necessary aspect of the Company's internal control structure among all parties.

All AC members are Independent Non-Executive Directors. The AC comprises the following members:

Mr Ng Weng Sui Harry	(Chairman)
Mr Narayanan Sreenivasan @ N Sreenivasan	(Member)
Prof Toh Chooi Gait	(Member)

The Board is of the view that the AC Chairman and members are appropriately qualified, with the necessary accounting, financial advisory, business management, corporate and finance, investment and corporate legal expertise and experience to discharge the AC's functions. The AC Chairman, a Fellow Member with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accounts (UK), having more than 30 years of experience in accountancy, audit and finance, is well qualified to chair the AC.

The AC meets at least quarterly to discuss and review the following where applicable:

(a) review with the external and internal auditors, the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;

(b) review the quarterly, half yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and the Mainboard Rules and any other relevant statutory or regulatory requirements;

(c) review the internal control procedures and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(d) review and discuss with external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response;

(e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors;

(f) review transaction falling within the scope of Chapter 9 of the Mainboard Rules;

(g) review any potential conflict of interests;

(h) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(i) review the Company's key financial risk areas, with a view to providing an independent oversight on the Company's financial reporting. The outcome of these reviews will be disclosed in the annual report of the Company or where the findings are material, immediately announced via SGXNet;

(j) generally to undertake such other functions and duties as may be required by statute or the Mainboard Rules, or by such amendments as may be made thereto from time to time;

(k) review the Rule 716 of the Mainboard Rules that if different auditors are appointed for its subsidiaries or significant associated companies, the AC must be satisfied that the appointment would not compromise the standard of effectiveness of the audit;

(l) review the significant financial reporting issues and judgement so as to ensure the integrity of the financial statements of the Company and any formal announcement relating to the Company's financial performance;

(m) review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors annually. Where the auditors also supply a substantial volume of non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money;

(n) ensure that the internal auditor's primary line of reporting should be to the Chairman of the AC although he would also report administratively to the Group CEO. The internal auditor should meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice set by The Institute of Internal Auditors;

(o) review and report to the Board annually on the effectiveness and adequacy of the Group's risk management and internal controls systems in addressing the financial, operational, compliance and information technology risk;

(p) investigate any matter within its terms of reference, having full access to and co-operation from the Management and full discretion to invite any Executive Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly; and

(q) provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith, a whistle blowing reporting policy has been established by the Company for its employees.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice, if it deems necessary, in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC also meets with the internal and external auditors without the presence of the management at least once a year to ascertain if there are any material weaknesses or control deficiencies in the Group's financial and operational systems.

The AC, having reviewed the range and value of non-audit services performed by the external auditors, RSM Chio Lim LLP, was satisfied that the nature and extent of such services has not prejudiced the independence and objectivity of external auditors. Therefore, the AC recommends the re-appointment of RSM Chio Lim LLP as external auditors at the forthcoming AGM. There is no disagreement between the Board and AC regarding the selection, appointment, resignation or dismissal of external auditors. During the financial year under review, the Company has incurred an aggregate $345,000 payable to the external auditors for its audit services, and has incurred an aggregate of $27,000 payable to the external auditors for its other non-audit professional services. The Company confirms that it has complied with Rules 712 and 715 of the Mainboard Rules in engaging RSM Chio Lim LLP, registered with the Accounting and Corporate Regulatory Authority, Singapore, as the external auditors of the Company and local subsidiaries. The Company also confirmed that it has complied with Rule 716 of the Mainboard Rules in engaging different auditing firms for its foreign subsidiaries.

The Company has put in place a whistle-blowing policy to provide a channel for employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. All complaints or information would be forwarded to the Chairman of AC or Senior Legal Counsel of the Company.

The AC has full access to and co-operation from the Management and has full discretion to invite any Executive Director or Executive Officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

None of the AC members were previous partners or directors of the existing external auditing firm and none of the AC members hold any financial interest in the external auditing firm.

Internal Audit

Principle 13 The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company's internal audit function is outsourced to Nexia TS that reports directly to the AC Chairman and administratively to the Group CEO. The Board is of the view that the outsourcing of the internal audit function delivers enhanced independence as well as improves the quality of the audit as the IA is adequately qualified and equipped with a broad range of expertise with advanced degrees and technological specialisation to discharge its duties effectively.

The Board recognises that it is responsible for maintaining robust internal controls to safeguard shareholders' investment and the Company's business and assets. The AC approves the hiring, removal, evaluation and compensation of the internal auditors and reviews and approves the internal audit's plan during the AC meeting for each financial year. The AC also ensures that the internal auditors have unfettered access to all the Company's documents, records, properties and personnel including access to the AC.

The primary functions of internal audit are to:

(a) assess if adequate systems of internal controls are in place to protect the funds and assets of the Company and to ensure control procedures are complied with;

(b) conduct regular in-depth audits of high-risk areas; and

(c) identify and recommend improvement to internal control procedures, where required.

The AC has reviewed the report submitted by Nexia TS on internal procedures and the internal controls in place, and is satisfied that there are adequate internal controls in the Company. The AC will review on an annual basis the adequacy and effectiveness of the internal audit function.

The AC is also of the view that the outsourced internal audit function is adequately resourced, has appropriate standing within the Company and is staffed with persons with the relevant qualifications and experience, and adheres to professional standards including those promulgated by the relevant local or international recognised professional bodies.

Shareholder Rights and Responsibilities

Principle 14 Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company is committed to making timely and accurate announcements of all material information to the shareholders that would be likely to materially affect the value of the Company's shares.

Any notice of general meeting is issued at least 14 clear days before the scheduled date of such meeting. All shareholders can vote in person or to appoint up to two (2) proxies during his/her absence to attend, speak and vote in general meeting in compliance with Companies Act, Chapter 50 of Singapore. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The Chairman briefs the shareholders on the rules, including voting procedures, that govern general meetings of shareholders and addresses any queries that they may have on the procedures.

Communication with Shareholders

Principle 15 Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company pursuant to the Mainboard Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Company.

Information is disseminated to shareholders on a timely basis through:

- Announcements and news releases on SGXNet.
- Annual report and circulars prepared and issued to all shareholders.
- Notices of shareholders' meetings are published in the local newspapers and announced via SGXNet.

Regular briefings are also organised for media and analysts to ensure a better appreciation of the Company's performance and developments. To enhance and encourage communication with shareholders and investors, the Company provides the contact information (email address and phone number) of the staff handling its investor relations. The Board has taken to solicit and understand the views of the shareholders through analyst briefings and investor roadshows conducted by the Management.

The Company's corporate website at www.QandMDental.com.sg also provides updated information to investors on its latest financial results and corporate developments.

The Company has adopted a dividend policy of paying dividends of at least 30% of the Group's core operating earnings, excluding other one-time income and share of associate profits.

Conduct of Shareholder Meetings

Principle 16 Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company's general meetings (AGM and/or extraordinary general meeting ("**EGM**") where applicable), are the principal forums for dialogue with shareholders. The Chairman of the AC, RC and NC as well as the Board will be present and available at the Company's AGMs and EGMs to address questions from shareholders. The external auditors will also be present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Shareholders are encouraged to attend the AGM and EGM to ensure a high level of accountability and to stay apprised of the Company's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the general meetings will be advertised in newspapers and announced on SGXNet.

The Company's Constitution allow a shareholder entitled to attend and vote to appoint not more than two (2) proxies who need not be a shareholder of the Company, to attend and vote at the meetings. The Company ensures that there are separate resolutions at general meetings on each distinct issue. All resolutions are put to vote by poll in the presence of independent scrutineers, and the voting results will be announced via SGXNet after the conclusion of the general meeting.

Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

The proceeding of the general meeting will be properly recorded, including all substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management. All minutes of general meetings will be opened for inspection by shareholders upon their request.

DEALING IN SECURITIES

Rule 1207(19) of the Mainboard Rules

In line with Rule 1207(19) of the Mainboard Rules on Dealings in Securities, the Company issues a quarterly letter to its Directors, executive officers and employees with non-published price sensitive information prohibiting dealings in listed securities of the Company from two (2) weeks or one (1) month, as the case may be, before the announcement of the Company's quarterly and annual financial results and ending on the date of the announcement of the relevant results.

The Directors and employees are expected to observe the insider trading laws at all times even when dealing in the Company's securities within permitted trading period.

RISK MANAGEMENT

Rule 1207(4)(b)(iv) of the Mainboard Rules

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

MATERIAL CONTRACTS

Rule 1207(8) of the Mainboard Rules

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Group CEO, any Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2018.

INTERESTED PERSON TRANSACTIONS

Rule 907 of the Mainboard Rules

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

Particulars of the interested person transactions for the financial year ended 31 December 2018, disclosed in accordance with Rule 907 of the Listing Manual of the SGX-ST were set out below.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Mainboard Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Mainboard Rules (excluding transactions less than $100,000)
Nil		

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

As a socially responsible firm, the Company consciously integrates a compassionate disposition into its corporate culture. In FY2018, the Company actively supported various overseas dental mission trips. The Company also took part in various dental students' activities, notably it was the main sponsor for the annual Asia Pacific Dental Students Association's convention held in Kuala Lumpur in August 2018.

Furthermore, the Company also participated in a few community outreach initiatives both locally and abroad. For instance, The Boys Brigade's BB CARES (Community Activities Rallying Everyone to Serve), Anchorvale Community Club's Make a Wish 2018 and Project Yim.

BB Cares' theme for the year was healthy living and the Company sponsored around 100 boys, parents, and alumni and also around 100 beneficiaries from nursing homes and assisted living facilities with dental care products.

The Company also participated in Make a Wish 2018, held in December 2018 at Anchorvale Community Club with over 300 participants and residents. In the festive spirit of giving, less privileged children from Sengkang West were invited to a day of bonding and activities, successfully creating a sense of community camaraderie and garnering support for the children.

Project Yim was carried out by undergraduates from Nanyang Technological University. Project Yim, which means 'Project Smile' in Laos, was an overseas community involvement programme. It aimed to resolve overcrowding issues faced by Nonmixay Village School by expanding their school facilities, as well as to inculcate a passion towards learning among the local students.

It is with such activities that the Company continues to enhance its brand equity as a leading approachable and accessible provider of quality dental healthcare in the region.

SUSTAINABILITY REPORTING

This is the Company's second year of sustainability reporting and as with the Company's inaugural sustainability report, the Company addresses the activities, data and measurements, where applicable, that fall within the financial year of reporting from 1 January to 31 December 2018. The Company is proud to have increased the efforts on improving the report, giving the requisite "descriptive and quantitative information on how business is conducted" and how the environmental, social and governance factors ("**ESG**") are being managed for a sustainable future, in compliance with the Mainboard Rules and Sustainability Reporting Guide. The Company will also continue to progressively enhance its approach in effectively communicating the management of ESG arising from business operations of the Company. More information on how the Company engages with its stakeholders, as well as its approach to material topics and overall sustainability performance, can be found in its Sustainability Report 2018, which will be released in May 2019.

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2018.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the Company in office at the date of this statement are:

Dr Ng Chin Siau
Dr Ang Ee Peng Raymond
Mr Narayanan Sreenivasan @ N Sreenivasan
Mr Ng Weng Sui Harry
Prof Toh Chooi Gait
Mr Chik Wai Chiew (Zhi Weichao)

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

	Direct Interest		Deemed Interest	
Name of directors and companies in which interests are held	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
The Company – Q & M Dental Group (Singapore) Limited	Number of shares of no par value			
Dr Ng Chin Siau	11,240,110	11,440,110	386,592,945	409,524,245
Mr Narayanan Sreenivasan @ N Sreenivasan	290,000	320,000	–	–
Mr Ng Weng Sui Harry	240,000	240,000	–	–

3. Directors' interests in shares and debentures (cont'd)

Name of directors and companies in which interests are held	Direct Interest: At beginning of the reporting year	Direct Interest: At end of the reporting year	Deemed Interest: At beginning of the reporting year	Deemed Interest: At end of the reporting year
Ultimate parent company – Quan Min Holdings Pte. Ltd.	Number of shares of no par value			
Dr Ng Chin Siau	178,551,814	178,551,814	–	–
Dr Ang Ee Peng Raymond	10,552,502	10,552,502	–	–

By virtue of section 7 of the Act, Dr Ng Chin Siau is deemed to have an interest in the Company as disclosed above and all the related body corporates of the Company.

The directors' interests as at 21 January 2019 were the same as those at the end of the reporting year except as follows:

Name of directors and companies in which interests are held	Direct Interest: At end of the reporting year	Direct Interest: As at 21 January 2019	Deemed Interest: At end of the reporting year	Deemed Interest: As at 21 January 2019
The Company – Q & M Dental Group (Singapore) Limited	Number of shares of no par value			
Dr Ng Chin Siau	11,440,110	11,440,110	409,524,245	409,989,045

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Save as disclosed in this report, neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5. Options

Share options

The Company has adopted an employee share option scheme known as the "Q & M Employee Share Option Scheme" (the "Option Scheme") on 26 April 2011. The Option Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are important to its continued well being and success. It provides eligible participants who have contributed to the growth and performance of the Group with an opportunity to participate in the equity of the Company so as to motivate these participants to greater dedication, loyalty and higher standards of performance and to give recognition to past contributions and services.

Under the rules of the Scheme, the directors and confirmed employees of the Group are eligible to participate in the Scheme. Controlling shareholders or their associates are also eligible to participate in the Scheme subject to the approval of independent shareholders in separate resolution for each participant.

STATEMENT BY DIRECTORS

5. Options (cont'd)

Share options (cont'd)

The total number of shares over which options may be granted shall not exceed 15% of the issued share capital (excluding treasury shares) of the Company on the date immediately preceeding the date of grant.

A Option Scheme committee ("Committee") is charged with the administration of the Option Scheme in accordance with the rules of the Scheme. The Committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the board of directors. The number of shares comprised in options offered to a participant shall be determined at the absolute discretion of the Committee who shall take into account, where applicable, criteria such as rank, past performance, years of service, potential contribution of the participant provided that: (a) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the Option Scheme (including adjustments under the rules) shall not exceed 25% of the shares available under the Option Scheme; and (b) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the Scheme shall not exceed 10% of the shares available under the Option Scheme.

(a) Exercise Price

The exercise price for each share in respect of which an option is exercisable shall be determined by the Committee at its absolute discretion, on the date of grant, at:-

(i) the market price; or

(ii) a price which is set at a discount to the market price (incentive price), the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the market price. In the event that SGX-ST prescribes or permits a higher percentage of discount, the Company will seek shareholders' approval for the increase in discount at a general meeting.

(b) Exercise Period

Unless otherwise determined in the sole discretion of the Committee, options granted shall be exercised in the following manner:-

(i) in the case of market price options granted to a participant:- (i) one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the first anniversary of the date of grant of that option; (ii) the next one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the second anniversary of the date of grant of that option; and (iii) the remaining one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the third anniversary of the date of grant of that option, provided always that all the options shall be exercised before the second anniversary of the relevant date of vesting, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and an option holder shall have no claim against the Company; and

(ii) in the case of incentive options granted to a participant:- (i) one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the second anniversary of the date of grant of that option; (ii) the next one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the third anniversary of the date of grant of that option; and (iii) the remaining one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the fourth anniversary of the date of grant of that option, provided always that all the options shall be exercised before the second anniversary of the relevant date of vesting, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and an option holder shall have no claim against the Company.

5. Options (cont'd)

(b) Exercise Period (cont'd)

Market price options may only be exercised after the first anniversary of the date of grant of such options. Incentive options may only be exercised after the second anniversary of the date of grant of such options. There are special provisions dealing with the lapsing under certain circumstances including ceasing of employment, bankruptcy, and death of the participant.

Performance share plan

The Company has adopted a performance share plan known as the "Q & M Performance Share Plan 2018" (the "Plan") on 13 November 2018. The Plan, which forms an integral component of its compensation plan, is designed to incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Plan, the Company will be able to recognise and reward past contributions and services and motivate participants to continue to strive for the Group's long-term prosperity. In addition, the Plan aims to foster an ownership culture within the Group.

Under the rules of the Plan, the directors and employees of the Group are eligible to participate in the Plan. Controlling shareholders or their associates are also eligible to participate in the Plan.

The aggregate number of shares which may be issued or transferred pursuant to awards granted under the Plan on any date, when added to the number of shares issued and/or issuable and/or transferred and transferable in respect of all awards granted under the Plan and all shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share schemes or share plans which the Company adopted and for the time being in force or may implement from time to time, including but not limited to Option Scheme, will not exceed 15% of total issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the relevant award date.

A Plan Committee is charged with the administration of the Plan in accordance with the rules of the Plan. The Committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the board of directors. The number of shares offered to a participant shall be determined at the absolute discretion of the Committee who shall take into account, where applicable, criteria such as *inter alia*, the rank, scope of responsibilities, performance, years of service, potential contribution for future development, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period of the participant provided that: (a) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the Plan (including adjustments under the rules) shall not exceed 25% of the shares available under the Plan; and (b) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the Plan shall not exceed 10% of the shares available under the Plan.

Awards represent the right of a participant to receive fully-paid shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period. In addition to the performance targets, in relation to each award, the Plan Committee shall have the discretion to prescribe a vesting period of between 1 to 10 years depending on the importance of the individual participant to the long-term growth of the Group and such other conditions as the Plan Committee may determine.

Shares which are allotted and issued or transferred to a participant are not subject to any restrictions against disposal or sale or any other dealings by the participant.

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Mr Ng Weng Sui Harry (Chairman)	(Non-Executive and Independent Director)
Mr Narayanan Sreenivasan @ N Sreenivasan	(Non-Executive and Independent Director)
Prof Toh Chooi Gait	(Non-Executive and Independent Director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2018.

STATEMENT BY DIRECTORS

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 28 February 2019, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

....	....
Dr Ng Chin Siau	Dr Ang Ee Peng Raymond
Director	Director

8 April 2019

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Q & M Dental Group (Singapore) Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS (I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) <u>Assessment of impairment of goodwill</u>

Please refer to Note 2A "Goodwill", "Impairment of non-financial assets" for relevant accounting policies, Note 2C "Assessment of impairment of goodwill", for discussion of significant accounting estimates, and Note 16A "Goodwill" for the key assumptions used in impairment testing of goodwill.

<u>Key audit matter</u>

The carrying value of goodwill amounted to $51,678,000 and accounted for approximately 24% of the Group's total assets as at the end of the reporting year.

The goodwill arose from the acquisition of subsidiaries. The amount is allocated to certain cash generating units ("CGUs") as at 31 December 2018. These CGUs are assessed for impairment annually. Management applies the value-in-use method to determine the recoverable amount of goodwill. The value-in-use calculation requires the Group to estimate the future cash flows arising from the CGU and a suitable discount rate in order to calculate present value of the recoverable amount of each CGUs. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.

Management determined the recoverable amounts based on the forecasted revenue, terminal growth rate and discount rates using presently available information. These estimates require judgement and the determination of the recoverable amounts is a key focus area for our audit.

Key audit matters (cont'd)

(a) Assessment of impairment of goodwill (cont'd)

How we addressed the matter in our audit

We discussed with management the process over the determination of the forecasted revenue, terminal growth rate and discount rates. As the assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions, our audit procedures included, among others, using our in-house valuation specialists to assist us in evaluating the assumptions and methodologies used by management.

We assessed management's estimates applied in the value-in-use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance and industry benchmarks. Our in-house valuation specialists also performed a review of the management's methodology, expectations and the discount rate used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.

(b) Assessment of impairment of investment in subsidiaries and receivables from subsidiaries

Please refer to Note 2A "Subsidiaries", "Impairment of non-financial assets" for relevant accounting policies, Note 2C "Measurement of impairment of subsidiaries", "Allowance for trade receivables" and "Allowance for other receivables" for discussion of significant accounting estimates, and Notes 14 and 19 on "Investment in subsidiaries", and "Trade and other receivables" for the key assumptions used in impairment testing of investment in subsidiaries and receivables from subsidiaries respectively.

Key audit matter

The net cost of investment and receivables from subsidiaries amounted to $77,526,000 and $43,588,000 respectively as at 31 December 2018. The total net carrying amount of the investments and receivables accounted for 75% of the Company's total assets as at the end of the reporting year. As the balances are significant, they are a key focus area for our audit.

For the non-performing subsidiaries or if they have net equity deficit, the Company will have exposure to loss on cost of investments and receivables from the subsidiaries. Any impairment losses on the investment in subsidiaries and the related receivables have to be recognised in the Company's separate financial statements.

Management made a comparison of carrying values of the subsidiaries with the Company's share of net assets or liabilities of the subsidiaries to identify indicators of impairment loss on these investments and related receivables.

For the investment in subsidiaries associated with the goodwill, management applies the same value-in-use method used for goodwill impairment assessment to determine the recoverable amount of investments and related receivables.

How we addressed the matter in our audit

We have reviewed and considered management's assessment on the net assets or liabilities of these subsidiaries. We have also assessed management's basis to determine potential impairment of the investments and related receivables. We also had discussions with management on the prospects and future plans of these subsidiaries.

We assessed management's estimates applied in the value-in-use models based on our knowledge of the CGU's operations, and compared them against historical forecasts and performance and industry benchmarks. Our in-house valuation specialists also performed a review of the management's methodology, expectations and the discount rate used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the disclosures about those assumptions made in the financial statements.

Key audit matters (cont'd)

(c) Assessment of impairment of investment in associates

Please refer to Note 2A "Associates", "Impairment of non-financial assets" for relevant accounting policies, and Note 2C "Measurement of impairment of associates" for discussion of significant accounting estimates, and Note 15 "Investment in associates" for the key assumptions used in impairment testing of investment in associates.

Key audit matter

The carrying value of investment in associates amounted to $77,444,000 which accounted for approximately 36% of the Group's total assets as at the end of the reporting year.

Management determines at the end of each reporting year whether there is the existence of any objective evidence that the Group's investment in associates may be impaired.

If there is available quoted market price for the investment, management will use the quoted market price to assess whether there is any indication of impairment. For non-publicly traded investment, management applies the value-in-use method to determine the recoverable amount of investment. The value-in-use calculation requires the Group to estimate the future cash flows arising from the CGU and a suitable discount rate in order to calculate present value of the recoverable amount of the CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.

Management determined the recoverable amounts based on the forecasted revenue, terminal growth rate and discount rates using presently available information. These estimates require judgement and the determination of the recoverable amounts is a key focus area for our audit.

How we addressed the matter in our audit

We discussed with management the process over the determination of the forecasted revenue, terminal growth rate and discount rates. As the assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions, our audit procedures included, among others, using our in-house valuation specialists to assist us in evaluating the assumptions and methodologies used by management.

We assessed management's estimates applied in the value-in-use models based on our knowledge of the CGU's operations, and compared them against historical forecasts and performance and industry benchmarks. Our in-house valuation specialists also performed a review of the management's methodology, expectations and the discount rate used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the Group's disclosures about those assumptions made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the financial statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tay Hui Jun, Sabrina.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

8 April 2019

Partner-in-charge of audit: effective from year ended 31 December 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2018

	Notes	Group 2018 $'000	Group 2017 $'000
Revenue	5	119,887	123,492
Interest income		111	173
Other gains	9	1,511	18,009
Consumables, dental equipment and dental supplies used		(14,235)	(15,422)
Employee benefits expense	6	(70,580)	(69,759)
Depreciation and amortisation expense	13 and 16B	(3,306)	(3,329)
Rental expense	32	(12,866)	(12,798)
Finance costs	7	(2,635)	(3,243)
Other expenses	8	(7,464)	(9,405)
Other losses	9	(190)	(7,256)
Share of profit from equity-accounted associates	15	4,612	3,950
Profit before tax from continuing operations		14,845	24,412
Income tax expense	10	(760)	(739)
Profit from continuing operations, net of tax		14,085	23,673
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation, net of tax		(1,051)	(334)
Other comprehensive loss for the year, net of tax		(1,051)	(334)
Total comprehensive income for the year		13,034	23,339
Profit attributable to owners of the parent, net of tax		14,012	23,869
Profit/(loss) attributable to non-controlling interests, net of tax		73	(196)
Profit net of tax		14,085	23,673
Total comprehensive income attributable to owners of the parent		12,933	23,595
Total comprehensive income/(loss) attributable to non-controlling interests		101	(256)
Total comprehensive income		13,034	23,339
Earnings per share			
Earnings per share currency unit		Cents	Cents
Basic – continuing operations	11	1.77	3.00
Diluted – continuing operations	11	1.77	3.00

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2018

	Notes	Group 31.12.2018 $'000	Group 31.12.2017 $'000 (Restated)	Group 01.01.2017 $'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	20,417	21,300	27,381
Investment in associates	15	77,444	74,281	39,812
Intangible assets	16	53,329	53,453	75,548
Other receivables	19	1,062	1,438	289
Other assets	20	10,756	8,225	6,371
Total non-current assets		163,008	158,697	149,401
Current assets				
Inventories	18	6,945	6,468	7,614
Trade and other receivables	19	16,653	15,600	23,925
Asset held for sale under SFRS(I) 5	17	–	–	1,584
Other assets	20	2,622	2,226	3,206
Cash and cash equivalents	21	24,924	37,040	44,091
Total current assets		51,144	61,334	80,420
Total assets		214,152	220,031	229,821
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	22	86,758	86,758	86,758
Treasury shares	22	(11,558)	(6,835)	(5,795)
Retained earnings		38,135	34,591	35,074
Other reserves	23	(2,684)	(1,605)	(1,354)
Equity attributable to owners of the parent		110,651	112,909	114,683
Non-controlling interests		1,035	958	7,360
Total equity		111,686	113,867	122,043
Non-current liabilities				
Provisions	25	638	643	615
Deferred tax liabilities	10	1,072	1,120	1,402
Other financial liabilities	27	86,185	26,389	69,269
Total non-current liabilities		87,895	28,152	71,286
Current liabilities				
Income tax payable		110	–	–
Trade and other payables	26	14,018	17,540	20,982
Other financial liabilities	27	443	60,472	15,510
Total current liabilities		14,571	78,012	36,492
Total liabilities		102,466	106,164	107,778
Total equity and liabilities		214,152	220,031	229,821

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Company		
	Notes	31.12.2018	31.12.2017	01.01.2017
ASSETS		$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	13	512	343	379
Investment in subsidiaries	14	77,526	77,857	85,638
Investment in associates	15	32,468	32,692	–
Other receivables	19	980	1,356	200
Other assets	20	–	161	76
Total non-current assets		111,486	112,409	86,293
Current assets				
Trade and other receivables	19	46,079	51,785	72,953
Other assets	20	558	770	832
Cash and cash equivalents	21	2,653	10,458	10,077
Total current assets		49,290	63,013	83,862
Total assets		160,776	175,422	170,155
EQUITY AND LIABILITIES				
Equity				
Share capital	22	86,758	86,758	86,758
Treasury shares	22	(11,558)	(6,835)	(5,795)
Retained earnings		3,317	11,567	7,034
Total equity		78,517	91,490	87,997
Non-current liability				
Other financial liabilities	27	75,000	15,000	59,620
Total non-current liability		75,000	15,000	59,620
Current liabilities				
Income tax payable		84	–	–
Trade and other payables	26	7,175	8,982	7,538
Other financial liabilities	27	–	59,950	15,000
Total current liabilities		7,259	68,932	22,538
Total liabilities		82,259	83,932	82,158
Total equity and liabilities		160,776	175,422	170,155

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2018

Group:	Total equity	Attributable to parent sub-total	Share capital	Retained earnings	Treasury shares	Other reserves	Non-controlling interests
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current year:							
Balance at 1 January 2018	113,867	112,909	86,758	34,591	(6,835)	(1,605)	958
Changes in equity:							
Total comprehensive income for the year	13,034	12,933	–	14,012	–	(1,079)	101
Share buy back (Note 22)	(4,723)	(4,723)	–	–	(4,723)	–	–
Dividends paid (Note 12)	(10,468)	(10,468)	–	(10,468)	–	–	–
Dividends paid to non-controlling interests	(24)	–	–	–	–	–	(24)
Closing balance at 31 December 2018	111,686	110,651	86,758	38,135	(11,558)	(2,684)	1,035
Previous year:							
Balance at 1 January 2017	122,043	114,683	86,758	35,074	(5,795)	(1,354)	7,360
Changes in equity:					–		
Total comprehensive income for the year	23,339	23,595	–	23,869	–	(274)	(256)
Increase in non-controlling interest without a change in control	–	(10,111)	–	(13,201)	–	3,090	10,111
Decrease in non-controlling interest without a change in control	–	2,091	–	–	–	2,091	(2,091)
Deconsolidation of subsidiary (Note 29)	(19,324)	(5,158)	–	–	–	(5,158)	(14,166)
Share buy back (Note 22)	(1,461)	(1,461)	–	–	(1,461)	–	–
Issue of share capital (Note 22)	421	421	–	–	421	–	–
Dividends paid (Note 12)	(11,151)	(11,151)	–	(11,151)	–	–	–
Closing balance at 31 December 2017	113,867	112,909	86,758	34,591	(6,835)	(1,605)	958

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year Ended 31 December 2018

Company:	Total equity $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000
Current year:				
Opening balance at 1 January 2018	91,490	86,758	(6,835)	11,567
Changes in equity:				
Total comprehensive income for the year	2,218	–	–	2,218
Share buy back (Note 22)	(4,723)	–	(4,723)	–
Dividends paid (Note 12)	(10,468)	–	–	(10,468)
Closing balance at 31 December 2018	78,517	86,758	(11,558)	3,317
Previous year:				
Opening balance at 1 January 2017	87,997	86,758	(5,795)	7,034
Changes in equity:				
Total comprehensive income for the year	15,684	–	–	15,684
Issue of share capital (Note 22)	421	–	421	–
Share buy back (Note 22)	(1,461)	–	(1,461)	–
Dividends paid (Note 12)	(11,151)	–	–	(11,151)
Closing balance at 31 December 2017	91,490	86,758	(6,835)	11,567

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended 31 December 2018

	Group	
	2018	2017
	$'000	$'000
Cash flows from operating activities		
Profit before tax	14,845	24,412
Adjustments for:		
Interest income	(111)	(173)
Interest expense	2,635	3,243
Depreciation of plant and equipment and amortisation expenses	3,306	3,329
Gain on disposal of plant and equipment, net	(3)	(13)
Gain on disposal of subsidiaries	–	(17,392)
Gain on disposal of associates	(125)	–
Impairment of plant and equipment	–	167
Provision for impairment on goodwill and intangible assets	–	1,611
Provision for impairment on asset held for sale	–	1,584
Foreign exchange adjustment differences	(13)	349
Provisions	(5)	76
Plant and equipment written off	180	100
Share of profit from equity – accounted associates	(4,612)	(3,950)
Operating cash flows before changes in working capital	16,097	13,343
Inventories	(467)	(577)
Trade and other receivables	(981)	431
Other assets	48	1,264
Trade and other payables	(1,164)	2,806
Net cash flows from operations	13,533	17,267
Income taxes paid	(444)	(507)
Net cash flows from operating activities	13,089	16,760
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,747)	(5,908)
Deconsolidation of subsidiary (Net of cash disposed) (Note 29)	–	(8,281)
Disposal of plant and equipment	405	564
Trade and other receivables	(315)	182
Other assets	(2,975)	52
Disposal of subsidiary (Net of cash disposal) (Note 30)	–	242
Proceeds from issuance of redeemable preference shares	–	5,358
Proceeds from disposal of interest in associate (Note 15)	–	1,941
Other receivables, non-current	376	(1,149)
Acquisition of subsidiaries (Note 28)	(173)	(383)
Acquisition of remaining interest in subsidiaries of Aoxin Q & M Dental Group Limited before the spin off	–	(1,250)
Dividends from associate (Note 15)	327	–
Interest received	111	173
Net cash flows used in investing activities	(4,991)	(8,459)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2018

	Group	
	2018	2017
	$'000	$'000
Cash flows used in financing activities		
Contribution by non-controlling interest	–	1,157
Dividends paid to equity owners (Note 12)	(10,468)	(11,151)
Share buy back (Note 22)	(4,723)	(1,461)
Dividend paid to non-controlling interest	(24)	–
Proceed from term loans	60,000	–
Bill payables	(80)	13
Finance lease repayments	(2)	(11)
Repayment of medium term notes	(60,000)	–
Repayment of bank loans	(151)	(205)
Net movement in amount due to shareholder of associate	(2,131)	–
Net movement in amount due to shareholders/vendors of subsidiaries	–	(451)
Interest paid	(2,635)	(3,243)
Net cash flows used in financing activities	(20,214)	(15,352)
Net decrease in cash and cash equivalents in continuing operations	(12,116)	(7,051)
Cash and cash equivalents, statement of cash flows, beginning balance of the year	37,040	44,091
Cash and cash equivalents, statement of cash flows, ending balance of the year (Note 21)	24,924	37,040

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement of directors.

The principal activities of the Company are the provision of management and consultancy services and investment holding. It is listed on the Singapore Exchange Securities Trading Limited, ("SGX-ST").

The principal activities of the subsidiaries are described in the Note 14 to the financial statements.

The registered office is: 81, Science Park Drive, #02-04 The Chadwick Singapore 118257. The Company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

1. General (cont'd)

Basis of presentation (cont'd)

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as a financial asset in accordance with the financial reporting standard on financial instruments.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Services – Revenue from service orders are recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Sale of goods. Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Other income

Interest income is recognised using the effective interest method. Dividend from equity instruments is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably. This is usually ex-dividend date for quoted shares.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised. The grant related to assets is deducted in calculating the carrying amount of the asset and therefore the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Pursuant to relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute to a certain percentage to the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group.

Share-based compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold improvements	–	10% - 15%
Furniture and fittings and equipment	–	10% - 40%
Leasehold property	–	Over the terms of lease that is 1.25% - 1.45%
Motor vehicle	–	10% - 25%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 25 on non-current provisions.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful life is as follows:

Customer lists	2 - 10 years

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Associates (cont'd)

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

Business combinations are accounted for by applying the acquisition method.

A business combination is transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

#1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

#2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

#3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

#4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by the financial reporting standard on non-current assets held for sale and discontinued operations in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Assessment of impairment of goodwill:
An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash-generating units ("CGU") and the use of estimates as disclosed in Note 16. Actual outcomes could vary from these estimates.

Measurement of impairment of subsidiaries:
Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee and/or receivables from the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is $1,351,000.

Measurement of impairment of associates:
If the investment is traded in an active market, management uses available market price to assess whether there is any indication of impairment. If the investment is not traded in an active market, management uses value-in-use method to determine recoverable amount of the investment. The assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash-generating units ("CGU") and the use of estimates as disclosed in Note 15. Actual outcomes could vary from these estimates.

Net realisable value of inventories:
A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note 18 on inventories.

Income tax amounts:
The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 10 on income tax.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Allowance for trade receivables:
The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The estimate is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 19 on trade and other receivables.

Allowance for other receivables:
These other receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 19 on trade and other receivables.

Sign-on bonuses:
The Group entered into service agreements with certain of its dentists. Certain of these service agreements include sign-on bonuses that are paid to the dentists concerned. The carrying value of the deferred sign-on bonuses is $4,073,000 at the end of the reporting year. An assessment is made at each reporting date whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts are determined for each relevant dentist based on calculations of future profitability generated by the dentist concerned. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require an adjustment to the carrying amount of the balances affected.

Useful lives of property, plant and equipment:
The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) of the Group at the end of the reporting year affected by the assumption are $20,417,000.

In addition, included in property, plant and equipment of the Group are furniture and fittings and leasehold improvements with a carrying amount of $5,046,000 as at end of the reporting year. Management has depreciated the furniture and fittings on a straight-line basis over their estimated useful lives of 10 years. The terms of the leases for the Group's premises may however be less than 10 years. Management has assumed the Group will be able to renew the terms of its leases on their expiry and hence the estimated useful lives for furniture and fittings of 10 years is appropriate. In the event the Group is not able to renew the terms of its various leases and the Group vacates the relevant premises, the carrying value of furniture and fittings related to the vacated premises would have to be fully impaired.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Dr Ng Chin Siau, a director and significant shareholder.

3A. Members of a group:

Name	Relationship	Country of incorporation
Quan Min Holdings Pte. Ltd.	Immediate parent company and ultimate parent company	Singapore

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the Group.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Directors of Company	
	2018	2017
Group	$'000	$'000
Rental expense	68	72

	Other related parties	
	2018	2017
	$'000	$'000
Rental expense [(a)]	162	162

(a) Rental expense paid to the associates of the directors, director of subsidiary, principal shareholders and their connected companies.

3. Related party relationships and transactions (cont'd)

3C. Key management compensation:

	Group	
	2018	2017
	$'000	$'000
Salaries and other short-term employee benefits	1,722	1,789

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	Group	
	2018	2017
	$'000	$'000
Remuneration of directors of the Company	710	489
Fees to directors of the Company	183	174

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The above amounts for key management compensation are for all the directors and other key management personnel. The amounts also include fees paid to directors for dental services rendered in their capacity as dentists.

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purpose the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) primary healthcare and (2) dental equipment and supplies distribution. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The following summary describes the operations in each of the Group's operating segments:

(1) Primary healthcare comprising dentistry, family medicine, aesthetic services.

(2) Dental equipment and supplies distribution comprising distribution of dental supplies and equipment.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

4 Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

Performance is measured based on segment results before allocation of share of profit from equity-accounted associates, one-off gains or expenses and income tax, as included in the internal management reports. Segment results is used to measure performance as management believes that such information is the most relevant in evaluating the results of the operating segments relative to other entities that operate in similar industries.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

The information on each product and service or each group of similar products and services is below and in Note 5.

4B. Profit or loss

	Group	
	2018	2017
	$'000	$'000
Segment revenue		
Primary healthcare	111,666	112,809
Dental equipment and supplies distribution	8,221	10,683
Total revenue	119,887	123,492

	Group	
	2018	2017
	$'000	$'000
Segment results		
Primary healthcare	10,257	9,996
Dental equipment and supplies distribution	(415)	(165)
Gain on disposal of associate	125	–
Gain on disposal of subsidiaries	–	17,392
Professional fees and expenses in relation to the spin-off of Aoxin Q & M Dental Group Limited ("Aoxin Q & M")	–	(2,350)
Provision for impairment on asset held for sale	–	(1,584)
Impairment on goodwill and intangible assets	–	(1,611)
Reversal of / (provision for) impairment on other receivables	266	(1,216)
Share of profit from equity – accounted associates	4,612	3,950
Profit before tax	14,845	24,412
Income tax expense	(760)	(739)
Profit, net of tax	14,085	23,673

4C. Assets and reconciliation

		Group	
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Segment assets			
Primary healthcare	129,984	138,394	179,059
Dental equipment and supplies distribution	6,724	7,356	10,950
Unallocated – investment in associates	77,444	74,281	39,812
Total Group assets	214,152	220,031	229,821

4 Financial information by operating segments (cont'd)

4D. Liabilities and reconciliation

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Segment liabilities			
Primary healthcare	100,812	103,614	103,399
Dental equipment and supplies distribution	1,654	2,550	4,379
Total Group liabilities	102,466	106,164	107,778

4E. Other material items and reconciliations

	Group	
	2018	2017
	$'000	$'000
(Reversal of impairment) / impairment of assets		
Primary healthcare	(266)	4,452
Dental equipment and supplies distribution	–	300
Total	(266)	4,752
Expenditure for non-current assets		
Primary healthcare	2,905	6,180
Dental equipment and supplies distribution	4	177
Total	2,909	6,357
Depreciation		
Primary healthcare	3,002	3,075
Dental equipment and supplies distribution	42	51
Total	3,044	3,126
Amortisation		
Primary healthcare	262	203
Dental equipment and supplies distribution	–	–
Total	262	203
Finance costs		
Primary healthcare	2,635	3,243

4F. Geographical information

	Group	
	2018	2017
	$'000	$'000
Revenue		
Singapore	110,332	108,968
Malaysia	8,071	6,745
China	1,484	7,779
Total	119,887	123,492

4 Financial information by operating segments (cont'd)

4F. Geographical information (cont'd)

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Non-current assets			
Singapore	74,881	73,636	72,229
Malaysia	2,937	2,633	1,562
China	85,190	82,428	75,610
Total	163,008	158,697	149,401

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

4G. Information about major customers

	Group	
	2018	2017
	$'000	$'000
Top 1 customer in dental equipment and supplies distribution	235	1,600

5. Revenue

	Group	
	2018	2017
	$'000	$'000
Rendering of services	110,596	111,341
Sale of goods	8,101	10,607
Rental income (Note 31)	864	853
Other income	326	691
Total revenue	119,887	123,492

The revenue is primarily from rendering services and sales of goods. A majority of revenue is recognised based on point in time. The customers for the primary healthcare segment are mainly individuals, whereas the customers for the dental equipment and supplies distribution segment are private dental clinics.

6. Employee benefits expense

	Group	
	2018	2017
	$'000	$'000
Short term employee benefits expense	67,557	66,219
Contributions to defined contribution plan	2,626	3,104
Other benefits	397	436
Total employee benefits expense	70,580	69,759

Employee benefits expense includes fees paid to dentists for dental services rendered. The fees paid are at certain pre-agreed percentages of fee revenue earned from patients.

7. Finance costs

	Group	
	2018	2017
	$'000	$'000
Interest expense	2,635	3,243

8. Other expenses

The major components and other selected components include the following:

	Group	
	2018	2017
	$'000	$'000
Legal and professional fees	776	1,706
NETS and credit card transaction charges	1,436	1,358
Repair and maintenance	952	949
Travelling expenses	155	290
Utilities	560	590

9. Other gains and (other losses)

	Group 2018 $'000	Group 2017 $'000
Enhanced special employment credit	186	(8)
Foreign exchange adjustment losses	(10)	(7)
Provision for impairment on asset held for sale (Note 17)	–	(1,584)
Reversal of/(provision for) impairment on other receivables (Note 19)	266	(1,216)
Provision for impairment on trade receivables (Note 19)	–	(77)
Gain on disposal of associate	125	–
Gain on disposal of plant and equipment, net	3	13
Gain on disposal of subsidiaries (Notes 29 and 30)	–	17,392
Impairment of goodwill and intangible assets (Note 16)	–	(1,611)
Impairment of plant and equipment (Note 13)	–	(167)
Impairment of inventories (Note 18)	–	(97)
Plant and equipment written off	(180)	(100)
Productivity and innovation credits	10	(39)
Professional fees and expenses in relation to the spin-off of Aoxin Q & M	–	(2,350)
Profit guarantee received/receivable from vendors/shareholders	921	604
Net	1,321	10,753
Presented in profit or loss as:		
Other gains	1,511	18,009
Other losses	(190)	(7,256)
Net	1,321	10,753

10. Income tax expense

10A. Components of tax expense recognised in profit or loss include:

	Group 2018 $'000	Group 2017 $'000
Current tax expense:		
Current tax expense	154	554
Under adjustments to current tax in respect of prior periods	654	467
Subtotal	808	1,021
Deferred tax expense:		
Deferred tax expense	331	62
(Over)/under adjustments to deferred tax in respect of prior periods	(379)	(344)
Subtotal	(48)	(282)
Total income tax expense	760	739

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate.

10. Income tax expense (cont'd)

10A. Components of tax expense recognised in profit or loss include: (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2017: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2018	2017
	$'000	$'000
Profit before tax	14,845	24,412
Share of profit from equity-accounted associates	(4,612)	(3,950)
	10,233	20,462
Income tax expense at the above rate	1,740	3,479
Effect of different tax rates in different countries	15	25
Expenses not deductible for tax purposes	124	1,881
Income not subject to tax	(136)	(3,270)
Stepped income exemptions and tax rebates	(1,007)	(587)
Under adjustments to tax in respect of prior periods	275	123
Productivity and innovation credit	–	(1,010)
Other minor items less than 3% each	(251)	98
Total income tax expense	760	739

There are no income tax consequences of dividends to owners of the Company.

10B. Deferred tax expense recognised in profit or loss include:

	Group	
	2018	2017
	$'000	$'000
From deferred tax (liabilities) assets recognised in profit or loss:		
Excess of net book value of plant and equipment over tax values	(134)	(216)
Tax loss carry forwards	86	(66)
Total deferred income tax expense recognised in profit or loss	(48)	(282)

10. Income tax expense (cont'd)

10C. Deferred tax balance in the statement of financial position:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Deferred tax assets (liabilities) recognised in profit or loss:			
Excess of net book value of plant and equipment over tax values	(1,130)	(1,264)	(1,480)
Tax loss carry forwards	58	144	78
Total	(1,072)	(1,120)	(1,402)
Presented in the statement of financial position as follows:			
Deferred tax liabilities	(1,072)	(1,120)	(1,402)

There is no deferred tax liabilities at the Company's level.

It is impracticable to estimate the amount expected to be settled or used within one year.

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2018	2017
	$'000	$'000
Numerators: earnings attributable to equity		
Continuing operations: attributable to equity holders	14,012	23,869

	Group	
	2018	2017
	'000	'000
Denominators: weighted average number of equity shares		
Basic and diluted	790,441	796,346

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting year.

The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

There is no diluted effect on the earnings per share for the reporting year 2018 and 2017.

12. Dividends on equity shares

	Group	
	2018	2017
	$'000	$'000
Interim tax exempt dividend paid of 0.39 cents (2017: 0.70 cents) per share	3,156	5,637
Special exempt dividend paid of 0.49 cents (2017: nil)	3,974	–
First and final tax exempt dividend paid of 0.41 cents (2017: 0.70 cents) per share	3,338	5,514
	10,468	11,151

In respect of the current year, the directors propose that a final dividend of 0.42 cents per share with a total of $3,300,000 be paid to shareholders. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed final dividend for 2018 is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

13. Property, plant and equipment

Group (Restated)	Leasehold improve-ments	Furniture and fittings and equipment	Leasehold property	Motor vehicle	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 January 2017	7,790	32,870	6,784	256	47,700
Additions	1,445	4,463	–	–	5,908
Arising from acquisition of subsidiaries (Note 28)	–	21	–	–	21
Arising from deconsolidation of subsidiary (Note 29)	(2,201)	(7,634)	–	–	(9,835)
Arising from disposal of subsidiary (Note 30)	(76)	(458)	–	–	(534)
Disposals / written-off	(186)	(909)	–	–	(1,095)
Foreign currency translation adjustment	(54)	(190)	–	(1)	(245)
At 31 December 2017	6,718	28,163	6,784	255	41,920
Additions	692	2,055	–	–	2,747
Arising from acquisition of subsidiaries (Note 28)	–	26	–	–	26
Disposals / written-off	(116)	(1,386)	–	–	(1,502)
Foreign currency translation adjustment	(7)	(16)	–	(1)	(24)
At 31 December 2018	7,287	28,842	6,784	254	43,167

13. Property, plant and equipment (cont'd)

Group (Restated)	Leasehold improve-ments	Furniture and fittings and equipment	Leasehold property	Motor vehicle	Total
	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation and impairment losses:					
At 1 January 2017	2,807	17,187	229	96	20,319
Depreciation for the year	156	2,862	90	18	3,126
Arising from deconsolidation of subsidiary (Note 29)	(402)	(2,109)	–	–	(2,511)
Arising from disposal of subsidiary (Note 30)	(73)	(181)	–	–	(254)
Disposals / written-off	(87)	(149)	–	–	(236)
Impairment for the year	140	27	–	–	167
Foreign currency translation adjustment	(9)	15	–	3	9
At 31 December 2017	2,532	17,652	319	117	20,620
Depreciation for the year	556	2,380	90	18	3,044
Disposals / written-off	(47)	(873)	–	–	(920)
Foreign currency translation adjustment	–	6	–	–	6
At 31 December 2018	3,041	19,165	409	135	22,750
Carrying value:					
At 1 January 2017	4,983	15,683	6,555	160	27,381
At 31 December 2017	4,186	10,511	6,465	138	21,300
At 31 December 2018	4,246	9,677	6,375	119	20,417

A leasehold property at a carrying value of approximately $6,375,000 (2017: $6,465,000) is mortgaged as security for the bank facilities (See Note 27).

Company	Furniture and fittings and office equipment
	$'000
Cost:	
At 1 January 2017	950
Additions	15
At 31 December 2017	965
Additions	266
At 31 December 2018	1,231
Accumulated depreciation:	
At 1 January 2017	571
Depreciation for the year	51
At 31 December 2017	622
Depreciation for the year	97
At 31 December 2018	719
Carrying value:	
At 1 January 2017	379
At 31 December 2017	343
At 31 December 2018	512

14. Investment in subsidiaries

	Company	
	31.12.2018	31.12.2017
	$'000	$'000
Cost:		
At the beginning of the year	78,677	85,999
Acquisitions	5,271	18,278
Deconsolidation of subsidiary	–	(25,600)
At end of the year	83,948	78,677
Allowance for impairment:		
At the beginning of the year	(820)	(361)
Impairment loss charged to profit or loss included in other losses	(5,602)	(459)
At end of the year	(6,422)	(820)
Net carrying amount	77,526	77,857
Carrying value:		
At beginning of the year	77,857	85,638
At end of the year	77,526	77,857

		Company	
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Analysis of above amount denominated in non-functional currency:			
United States Dollars	411	411	411
Malaysian Ringgit	5,152	203	203

The impairment loss was provided on certain subsidiaries which were either non-performing subsidiaries or have net equity deficit.

The following subsidiaries are wholly owned by the Group:

Name of subsidiaries		Cost in books of Group	
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Held by Company			
Q & M Dental Surgery (Admiralty) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Ang Mo Kio Central) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Braddell) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Boon Lay) Pte. Ltd. (b)	100	100	100
Q & M Dental Surgery (Boon Lay MRT) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Bukit Batok) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Bukit Panjang) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Bukit Timah) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Clementi Central) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Clementi) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Elias Mall) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Hougang Central) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Hougang Mall) Pte. Ltd.	100	100	100

14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Cost in books of Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Held by Company			
Q & M Dental Surgery (Hougang Plaza) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Gombak) Pte. Ltd.	17	17	17
Q & M Dental Surgery (Gombak MRT) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Jurong East Central) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Jelapang) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Kallang MRT) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Khatib) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Marsiling) Pte. Ltd.	65	65	65
Q & M Dental Surgery (Old Airport Rd) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Pasir Ris) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Redhill MRT) Pte. Ltd.	92	92	92
Q & M Dental Surgery (Serangoon) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Serangoon Central) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Sembawang) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Sembawang MRT) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Serangoon North) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Sims Place) Pte. Ltd. (b)	100	100	100
Q & M Dental Surgery (Tiong Bahru) Pte. Ltd.	96	96	96
Q & M Dental Surgery (Toa Payoh) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Toa Payoh Central) Pte. Ltd.	100	100	100
Q & M Dental Surgery (Yishun Central) Pte. Ltd.	100	100	100
Q & M Laboratory & Marketing Pte. Ltd. (d)	124	124	124
Q & M Management & Consultancy Pte. Ltd. (b)	52	52	52
Killiney Dental Centre Pte. Ltd.	100	100	100
Q & M Dental Group (China) Pte. Ltd. (c)	299	299	99
Q & M Dental Centre Pte. Ltd.	100	100	100
Q & M Dental Institute Pte. Ltd. (b)	20	20	20
Q & M Dental Centre (Orchard) Pte. Ltd.	100	100	100
Q & M Dental Centre (Raffles Place) Pte. Ltd.	100	100	100
Dentigiene Dental Surgery Pte. Ltd.	567	567	567
Q & M Aidite International Pte. Ltd. ("QMAI") (c)	17,842(m)	17,842(m)	17,842(m)
Foo & Associates Pte. Ltd.	5,500	5,500	5,500
Aesthetics Dental Surgery Pte. Ltd.	4,000	4,000	4,000
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	3,800	3,800	3,800
Ho Dental Surgery (Marine Parade) Pte. Ltd. (l)	–(a)	–(a)	–(a)
Jurong Point Dental Centre Pte. Ltd. (l)	100	100	100
British Dental Surgery Pte. Ltd. (l)	760	760	760
Q & M Dental Holdings (Shenzhen) Pte. Ltd. (c)(l)	–(a)	–(a)	–(a)
Q & M Dental Holdings (Malaysia) Pte. Ltd. (Incorporated on 7 June 2017) (c)(l)	–(a)	–(a)	–
Q & M Dental AI Pte. Ltd. (Formerly known as QMAI Pte. Ltd.) (Incorporated on 11 November 2018) (b)(l)	100	–	–
Q & M College of Dentistry Pte. Ltd. (Incorporated on 14 December 2018) (b)(l)	100	–	–

14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Cost in books of Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Held by Company			
TP Dental Surgeons Pte. Ltd.	28,600	28,600	28,600
Lee & Lee (Dental Surgeons) Pte. Ltd.	10,000	10,000	10,000
Q & M Dental Group (Malaysia) Sdn. Bhd. (c)(j)(l)	5,152	203	203
Shenyang Q & M Management Consulting Co. Ltd. (c)(i)(k)	411	411	411
Q & M Mobile Dental Clinic Pte. Ltd. (b)(n)	50	50	50
Aoxin Q & M Dental Group Limited. (c)	–	–(a)	10,000
New Dental Centre Pte. Ltd. (b)(l)	–(a)	–(a)	–(a)
Q & M Medical Group (Singapore) Pte. Ltd. (c)(l)	200	200	200
Held through subsidiaries			
Dentmedix Pte. Ltd. (e)	164	164	164
Quantumleap Healthcare Pte. Ltd. (e)	150	150	150
Q & M Dental Holdings (Malaysia) Sdn. Bhd. (Incorporated on 5 July 2017) (h)(j)	330	–(a)	–
Q & M Dental Surgery (Bandar Puteri Puchong) Sdn. Bhd. (h)(j)	30	30	30
Q & M Dental Surgery (Selatan) Sdn. Bhd. (Incorporated on 27 June 2018) (h)(j)	–(a)	–	–
Q & M Dental Surgery (KL) Sdn. Bhd. (Incorporated on 27 June 2018) (h)(j)	–(a)	–	–
Q & M Medical & Aesthetic Clinic (Tampines Central) Pte. Ltd.(f)(l)	50	50	50
Q & M Medical & Aesthetic Clinic (Serangoon Garden) Pte. Ltd.(b)(l)	50	50	50
Q & M Medical & Aesthetic Clinic (Farrer Park) Pte. Ltd.(f)(l)	80	80	80
Q & M Medical Clinic (Raffles Place) Pte. Ltd. (b)(l)	50	50	50
The Digestive & Liver Specialist Centre Pte. Ltd. (b)(l)	100	100	100
The Lung Specialist Centre Pte. Ltd. (b)(l)	100	100	100
Q & M Medical Clinic (Serangoon Central) Pte. Ltd.(f)(l)	50	50	50
Q & M Medical Clinic (Bukit Batok) Pte. Ltd. (f)(l)	50	50	50
Singapore Dental Cadcam Laboratory Pte. Ltd. (g)(l)	–(a)	–(a)	–(a)
Q & M Medical Aesthetic & Laser Centre (Orchard) Pte. Ltd. (b)(n)	–	–(a)	–(a)

(a) Cost of investment less than $1,000.
(b) These subsidiaries are dormant.
(c) These subsidiaries are investment holding companies.
(d) The principal activities of the subsidiary are investment holding and provision of services related to the dental laboratory business.
(e) The subsidiary is principally engaged in trading of dental surgery materials and equipment.
(f) The subsidiary is principally engaged in the provision of general medical services.
(g) The subsidiary is principally engaged in manufacturing and exporting of porcelain crown, bridges and dentures.
(h) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(i) Audited by other independent auditors, Liaoning Zhong Cheng CPAs, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(j) Incorporated in Malaysia.
(k) Incorporated in People's Republic of China.
(l) Not audited, as it is immaterial.
(m) Redeemable preference shares
(n) Struck off in 2018.

14. Investment in subsidiaries (cont'd)

The subsidiaries that have non-controlling interests are listed below:

Name of subsidiaries	Cost in books of Group			Effective percentage of equity held by Group		
	31.12.2018	31.12.2017	01.01.2017	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000	%	%	%
Held by Company						
Shanghai Chuangyi Investment and Management Co., Ltd. (e)(h)(n)	2,601	2,478	–	80	80	–
Held through subsidiaries						
Q & M Dental Surgery (Molek) Sdn. Bhd. (m)	443	443	443	70	70	70
Q & M Dental Surgery (Austin) Sdn. Bhd. (m)	29	29	29	70	70	70
D & D Dental Sdn. Bhd. (f)(g)	339	339	339	70	70	70
Q & M Dental Surgery (Kota Damansara) Sdn. Bhd. (f)(g)	33	33	33	80	80	80
NG GK Dental Surgery (Melaka) Sdn. Bhd. (f)(g)	190	190	190	70	70	70
Q & M Dental Surgery (Bandar Melaka) Sdn. Bhd. (f)(g)	185	185	–(o)	70	70	70
Q & M Dental Surgery (Taman Merdeka) Sdn. Bhd. (Incorporated on 8 August 2017) (f)(g)	139	–(o)	–	70	70	–
AR Dental Supplies Sdn. Bhd. (b)(f)(g)	3,377	3,377	3,377	70	70	70
Shanghai Chuangyi Investment and Management Co., Ltd. (e)(h)(n)	–	–	1,873	–	–	80
Shanghai Kangyi Dental Polyclinic Co., Ltd. (e)(h)	216	216	216	80	80	80
Q & M Dental (Shenyang) Pte. Ltd. (a)(m)	–	–	21,075	–	–	60
Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. (e)(i)(j)(k)(l)	–	–	610	–	–	60
Shenyang Xinao Hospital Management Co., Ltd. (e)(i)(j)(k)(l)	–	–	1,220	–	–	60
Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd. (e)(i)(j)(k)(l)	–	–	203	–	–	60
Huludao City Aoxin Stomatology Co., Ltd. (e)(i)(j)(k)(l)	–	–	102	–	–	60
Huludao Aoxin Q & M Stomatology Hospital Co., Ltd. (e)(i)(j)(k)(l)	–	–	203	–	–	60
Shenyang Quanxin Medical Equipment Leasing Co., Ltd. (c)(e)(i)(j)(k)(l)	–	–	6,218	–	–	60
QA Healthcare Solutions Pte. Ltd. (d)(m)	100	100	100	51	51	51
Panjin Jinsai Q & M Stomatology Co., Ltd. (e)(i)(k)(l)	–	–	746	–	–	36

14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Cost in books of Group			Effective percentage of equity held by Group		
	31.12.2018	31.12.2017	01.01.2017	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000	%	%	%
Held through subsidiaries						
Panjin Jingcheng Q & M Stomatology Co., Ltd. (e)(i)(k)(l)	–	–	1,097	–	–	36
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. (e)(i)(k)(l)	–	–	250	–	–	36
Shenyang Maotai Q & M Medical Equipment Co., Ltd. (b)(e)(i)(k)(l)	–	–	822	–	–	36
Shenyang Quanao Medical Investment Management Co., Ltd. (a)(e)(i)(k)(l)	–	–	2	–	–	99

(a) These subsidiaries are investment holding companies.
(b) The subsidiary is principally engaged in trading of dental surgery materials and equipment.
(c) The subsidiary is principally engaged in the leasing of dental equipment.
(d) The subsidiary is principally engaged in the development of dental healthcare software and equipment.
(e) Incorporated in People's Republic of China.
(f) Incorporated in Malaysia.
(g) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(h) Audited by other independent auditors, Zhong Lei Certified Public Accountants (01.01.2017: Shanghai Daohe CPA Partnership), a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(i) Audited by RSM China CPAs, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(j) Collectively known as Aoxin Stomatology group of companies (Note 16A).
(k) Collectively known as Aoxin Q & M group of companies.
(l) The subsidiary was deconsolidated on 26 April 2017 upon the successful listing of the subsidiary.
(m) Not audited, as it is immaterial.
(n) The subsidiary was previously owned by Aoxin Q & M. On 30 March 2017, Shanghai Chuangyi Investment and Management Co., Ltd. was transferred from Aoxin Q & M to the Company and it became a direct subsidiary of the Company.
(o) Cost of investment less than $1,000.

All subsidiaries are engaged in the provision of dental services unless otherwise disclosed above.

Save as disclosed above, all other subsidiaries in Singapore are audited by RSM Chio Lim LLP.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

14. Investment in subsidiaries (cont'd)

There are subsidiaries that have non-controlling interests that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

	Group	
	31.12.2018	31.12.2017
	$'000	$'000
Name of the component: Aoxin Q & M group of companies		
The loss allocated to non-controlling interests of the subsidiary during the reporting year	–	(239)
Accumulated non-controlling interests of the subsidiary at the end of the reporting year	–	–[(a)]
The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows:		
Current assets	–	–[(a)]
Non-current assets	–	–[(a)]
Current liabilities	–	–[(a)]
Revenue	–	6,205
Profit for the reporting year	–	(528)
Total comprehensive loss	–	(528)
Operating cash inflows	–	–[(a)]
Net increase in cash flows	–	–[(a)]

(a) The subsidiary was deconsolidated on 26 April 2017.

15. Investment in associates

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Carrying value:			
Quoted equity shares at cost			
– Aoxin Q & M	32,335	33,296	–
Unquoted equity shares at cost			
– Punggol Medical & Dental Pte. Ltd. ("PMD")	15	15	15
– Aidite (Qinhuangdao) Technology Co., Ltd. ("Aidite Qinhuangdao") [(a)]	45,094	40,970	39,797
	77,444	74,281	39,812

Movements in carrying value:		
Balance at beginning of the year	74,281	39,812
Addition (Note 29) [(b)]	–	32,692
Disposal [(c)(e)(f)]	(99)	(1,941)
Dividends	(327)	–
Foreign currency translation adjustment	(1,023)	(232)
Share of the profit for the year [(d)]	4,612	3,950
Balance at end of the year	77,444	74,281

15. Investment in associates (cont'd)

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Carrying value:			
Quoted equity shares at cost			
– Aoxin Q & M	32,468	32,692	–
	32,468	32,692	–
Movements in carrying value:			
Balance at beginning of the year	32,692	–	–
Addition (Note 29) [(b)]	–	32,692	–
Disposal [(f)]	(224)	–	–
Balance at end of the year	32,468	32,692	–

(a) The fair value (level 2) of the investment in Aidite Qinhuangdao amounting to $39,797,000 was determined using the placement price of Aidite Qinhuangdao shares via the quotation at the National Equities Exchange and Quotations of the People's Republic of China ("New Third Board") at the date of deconsolidation in 2016. Consequently, the investment in Aidite Qinhuangdao is considered unquoted equity shares.

On 2 November 2018, Aidite Qinhuangdao was delisted from New Third Board.

(b) The fair value (level 1) of the investment in Aoxin Q & M was determined using the issue price of $0.20 per share.

(c) On 15 November 2017, the Group completed the sale of 4.1% of the Group's total preference shareholding in its subsidiary, QMAI, to All Win Investment Holdings Pte. Ltd. ("All Win"), Full Win Investment Holdings Pte. Ltd. ("Full Win") and Initial Capital Investment Pte. Ltd. ("Initial Capital"). The 4.1% preference shares represent an effective interest of approximately 1.98% in Aidite Qinhuangdao. Accordingly, the Group's interest in Aidite Qinhuangdao reduced from 38.17% to 36.19%. All Win and Full Win are owned by certain dentists of the Group. As the sale was completed towards the end of the reporting year 2017, All Win, Full Win and Initial Capital agreed to waive their rights to the pre-acquisition profits of Aidite Qinhuangdao before 15 November 2017.

(d) See 15(c) above and Note 27E for more information. For the reporting year ended 31 December 2018, the Group accounted for 47.84% (31.12.2017: 47.84%) share of profits from Aidite Qinhuangdao instead of its effective interests of 36.19% (31.12.2017: 36.19%).

(e) On 1 March 2018, Aoxin Q & M issued 9,413,271 ordinary shares for cash of $0.236 each, thus diluting the Group's interest from 43.92% to 42.84%.

(f) On 26 October 2018, the Group allocated 1,107,500 ordinary shares of Aoxin Q & M to the Group's 452 employees as a shares gift, thus reducing the Group's interest from 42.84% to 42.55%.

15. Investment in associates (cont'd)

The associates held by the Group are listed below:

Name of associates	Percentage of equity held by the Group		
	31.12.2018	31.12.2017	01.01.2017
	%	%	%
Held by Company			
Aoxin Q & M (ii)(iv)			
Singapore			
Provision of private dental services and dental equipments and supplies			
(RSM Chio Lim LLP)	42.55	43.92	–
Held through subsidiaries			
PMD (i)			
Singapore			
Provision of general medical services			
(RSM Chio Lim LLP)	50.0	50.0	50.0
Aidite Qinhuangdao (iii)			
People's Republic of China ("PRC")			
Manufacturing and trading of medical and dental instruments and supplies			
(Zhongxingcai Guanghua Certified Public Accountants LLP, PRC)	36.19	36.19	38.17

(i) Not considered material to the Group. The Group's share of net assets was less than $15,000 as at end of the reporting year.
(ii) Listed on stock exchange. The fair value is $37,341,000 (31.12.2017: $34,327,000) as at end of reporting year.
(iii) Other independent auditor. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.
(iv) On 14 July 2017, Aoxin Q & M issued 16,346,000 ordinary shares for cash of $0.12 each, thus diluting the Group's interest from 45.94% to 43.92%. During 2018, Aoxin Q & M issued additional shares, and the Group's interest further diluted from 43.92% to 42.55%. See Notes 15(e) and 15(f).

For the quoted equity shares, management performed the impairment assessment using the quoted market price of Aoxin Q & M as at the end of the reporting year. No impairment allowance was recognised because the quoted market price was higher than the carrying value.

No impairment assessment performed on PMD as the associate is not material.

For the unquoted equity shares in Aidite Qinhuangdao, the value-in-use method was used by management to assess the recoverable amount of cash-generating unit. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

15. Investment in associates (cont'd)

The key assumptions for the value in use calculations are as follows. The value-in-use is a recurring fair value measurement (level 3). The quantitative information about the value-in-use measurement using significant unobservable inputs for the cash-generating unit are consistent with those used for the measurement last performed, and is analysed as follows.

The impairment test has been carried out using discounted cash flow model covering a 5-year period. Management forecasted the revenue growth rates and discount rates as follows:

The associates held by the Group are listed below:

31.12.2018	Revenue growth rate	Discount rate
Name of associate		
Aidite Qinhuangdao	28% from 2019 to 2020, 23% from 2021 to 2022 and 5% in 2023	14%

Management forecasts the terminal growth rates at 2%.

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been a range of 12 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value by $774,000. If the revised estimated discount rate applied to the discounted cash flows had been 5 percent point less favourable than management's estimates, there would be a need to reduce the carrying value by $1,854,000.

No impairment allowance was recognised because the carrying amount of the cash-generating unit was lower than their recoverable amount.

31.12.2017	Revenue growth rate	Discount rate
Name of associate		
Aidite Qinhuangdao	35% from 2018 to 2020 and 20% from 2021 to 2022	13%

Management forecasts the terminal growth rate at 2%.

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been a range of 22 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value by $524,000. If the revised estimated discount rate applied to the discounted cash flows had been 7 percent point less favourable than management's estimates, there would be a need to reduce the carrying value by $823,000.

No impairment allowance was recognised because the carrying amount of the cash-generating unit was lower than their recoverable amount.

15. Investment in associates (cont'd)

There are associates that are considered material to the reporting entity. The summarised financial information of each of the material associate and the amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows.

	31.12.2018	31.12.2017
	$'000	$'000
Aoxin Q & M		
Revenue	23,625	20,571
(Loss) / profit from continuing operations	(90)	997
Other comprehensive income / (loss)	311	(393)
Total comprehensive income	221	630
Current assets	17,363	23,597
– includes cash and cash equivalents	9,978	19,467
Current liabilities – trade and other payables	(3,613)	(6,113)
Non-current assets	35,342	30,997
Non-current liabilities	(305)	(132)
Net assets of the associate	48,787	48,349
Interest at 42.55% (31.12.2017: 43.92%)	20,759	21,235
Goodwill	11,546	11,918
Other adjustments	30	143
Carrying amount of the interest in the associate	32,335	33,296
Aidite Qinhuangdao		
Revenue	44,491	31,540
Profit from continuing operations and total comprehensive income	9,438	6,936
Current assets	36,668	28,511
– includes cash and cash equivalents	12,096	7,274
Current liabilities – trade and other payables	(8,522)	(5,959)
Non-current assets	11,450	8,166
Non-current liabilities	(351)	(125)
Non-controlling interest	(155)	–
Net assets of the associate	39,090	30,593
Interest at 36.19% (31.12.2017: 36.19%, 01.01.2017: 38.17%)	14,147	11,072
Goodwill	28,997	28,997
Other adjustments [(a)]	1,950	901
Carrying amount of the interest in the associate	45,094	40,970

(a) Included the additional share of profits from Aidite Qinhuangdao. See Note 15(d).

There are no significant restrictions on the ability of the major associates to transfer funds to the Group in the form of cash dividends.

16. Intangible assets

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Goodwill (Note 16A)	51,678	51,540	72,826
Other intangible assets (Note 16B)	1,651	1,913	2,722
	53,329	53,453	75,548

16A Goodwill

	Group	
	31.12.2018	31.12.2017
	$'000	$'000
Cost:		
Balance at beginning of the year	57,239	76,914
Arising from acquisition of subsidiaries (Note 28)	137	428
Arising from deconsolidation of subsidiary (Note 29)	–	(20,098)
Effect of movement in exchange rate	44	(5)
Balance at end of the year	57,420	57,239
Accumulated impairment:		
Balance at beginning of the year	(5,699)	(4,088)
Impairment loss recognised in the year included in other losses	–	(1,611)
Effect of movement in exchange rate	(43)	–
Balance at end of the year	(5,742)	(5,699)
Net book value at beginning of the year	51,540	72,826
Net book value at end of the year	51,678	51,540

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment by the subsidiary as follows:

	Group		
Name of the subsidiaries	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Primary healthcare:			
Q & M Dental Surgery (Molek) Sdn. Bhd.	270[(a)]	269[(a)]	264
Dentigiene Dental Surgery Pte. Ltd.	490	490	490
D & D Dental Sdn. Bhd.	124[(a)]	126[(a)]	122
Shanghai Chuangyi Investment and Management Co., Ltd.	1,655[(a)]	1,655[(a)]	1,655
Q & M Medical & Aesthetic Clinic (Farrer Park) Pte. Ltd.	10[(a)]	10[(a)]	10[(a)]
NG GK Dental Surgery (Melaka) Sdn. Bhd.	142[(a)]	144[(a)]	139
Foo & Associate Pte. Ltd.	5,411	5,411	5,411
Aoxin Stomatology group of companies	–	–	17,694
TP Dental Surgeons Pte. Ltd.	27,545	27,545	27,545
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	3,386	3,386	3,386
Aesthetics Dental Surgery Pte. Ltd.	3,857	3,857	3,857
Panjin Jingcheng Q & M Stomatology Co., Ltd.	–	–	931
Panjin Jinsai Q & M Stomatology Co., Ltd.	–	–	623
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	–	–	199
Lee & Lee (Dental Surgeons) Pte. Ltd.	8,641	8,641	8,641
Ho Dental Surgery (Marine Parade) Pte. Ltd.	1,660	1,660	1,660
Jurong Point Dental Centre Pte. Ltd.	1,280	1,280	1,280
British Dental Surgery Pte. Ltd.	362	356[(a)]	356
QA Healthcare Solutions Pte. Ltd.	49[(a)]	49[(a)]	49[(a)]
Q & M Dental Surgery (Bandar Puteri Puchong) Sdn. Bhd.	78[(a)]	78[(a)]	–
Primary healthcare:			
Q & M Dental Surgery (Khatib) Pte. Ltd.	350[(a)]	350[(a)]	–
Q & M Dental Surgery (Selatan) Sdn. Bhd.	137[(a)]	–	–
Sub-total	55,447	55,307	74,312
Dental equipment and supplies distribution:			
AR Dental Supplies Sdn. Bhd.	1,973[(a)]	1,932[(a)]	1,932
Shenyang Mao Tai Q & M Medical Equipment Co., Ltd.	–	–	670
Sub-total	1,973	1,932	2,602
	57,420	57,239	76,914

(a) The goodwill is not tested for impairment as the carrying value, net of impairment is not material.

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value-in-use. The recoverable amounts of cash-generating units have been measured based on its value-in-use method.

The value-in-use was measured by management. The key assumptions for the value-in-use calculations are as follows. The value-in-use is a recurring fair value measurement (level 3). The quantitative information about the value-in-use measurement using significant unobservable inputs for the cash-generating unit are consistent with those used for the measurement last performed, and is analysed as follows.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 5 years. Management forecasted the revenue growth rates and discount rates as follows:

31.12.2018	Revenue growth rate	Discount rate
	%	%
Name of the subsidiaries		
Primary healthcare:		
Dentigiene Dental Surgery Pte. Ltd.	6.5	10
Foo & Associates Pte. Ltd.	5	10
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	$500,000 in 2019 and 2 for subsequent years	10
TP Dental Surgeons Pte. Ltd.	5	10
Aesthetics Dental Surgery Pte. Ltd.	5	10
Lee & Lee (Dental Surgeons) Pte. Ltd.	$573,000 in 2019 and 5 for subsequent years	10
Ho Dental Surgery (Marine Parade) Pte. Ltd.	3	10
Jurong Point Dental Centre Pte. Ltd.	6	10
British Dental Surgery Pte. Ltd.	5	10

Management forecasts the terminal growth rates at 2%.

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

Primary healthcare:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been a range of 3 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $217,000. If the revised estimated discount rate applied to the discounted cash flows had been 3 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by $14,000.

No impairment allowance was recognised because the carrying amount of all cash-generating units was lower than their recoverable amount.

31.12.2017	Revenue growth rate	Discount rate
	%	%
Name of the subsidiaries		
Primary healthcare:		
Dentigiene Dental Surgery Pte. Ltd.	6	11
Foo & Associates Pte. Ltd.	5	11
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	7	11
TP Dental Surgeons Pte. Ltd.	6	11
Aesthetics Dental Surgery Pte. Ltd.	5	11
Lee & Lee (Dental Surgeons) Pte. Ltd.	6 from 2018 to 2019 and 5 for subsequent years	11
Ho Dental Surgery (Marine Parade) Pte. Ltd.	5	11
Jurong Point Dental Centre Pte. Ltd.	5	11

Management forecasts the terminal growth rates at 2%.

Primary healthcare:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been a range of 1 to 3 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $2,420,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the recoverable amount of the cash-generating unit would reduce by $2,474,000.

The goodwill was tested for impairment in December 2017. Due to increased competition in the market, the management has revised the cash flow forecasts for primary healthcare cash-generating units. The carrying amount of certain cash-generating units have therefore been reduced to its recoverable amount through the recognition of an impairment loss against goodwill of $1,611,000 in 2017.

16. Intangible assets (cont'd)

16B. Other intangible assets

Group	Customer lists $'000
Cost:	
At 1 January 2017	3,183
Arising from deconsolidation of subsidiary (Note 29)	(794)
Effect of movement in exchange rate	2
At 31 December 2017	2,391
Effect of movement in exchange rate	(54)
At 31 December 2018	2,337
Accumulated amortisation and impairment:	
At 1 January 2017	461
Amortisation for the year	203
Arising from deconsolidation of subsidiary (Note 29)	(192)
Effect of movement in exchange rate	6
At 31 December 2017	478
Amortisation for the year	262
Effect of movement in exchange rate	(54)
At 31 December 2018	686
Carrying value:	
At 1 January 2017	2,722
At 31 December 2017	1,913
At 31 December 2018	1,651

17. Assets held for sale under SFRS(I) 5

During the reporting year ended 31 December 2014, the Group decided to dispose its interest in the associate, Q & M Dental (Shanghai) Pte. Ltd.. During that period, the Group lost its significant influence over the entity. The results were not equity accounted (they were not material). The investment is at cost less impairment losses.

As at 1 January 2017, 31 December 2017 and 31 December 2018, the Group is however still finalising the disposal consideration and terms of the disposal for Q & M Dental (Shanghai) Pte. Ltd. through arbitration under the rules of the Singapore International Arbitration Centre.

	Group		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Investments at cost	1,584	1,584	1,584
Less impairment loss included in the losses in profit or loss	(1,584)	(1,584)	–
Carrying value in statement of financial position	–	–	1,584
Movement in allowance for impairment:			
Balance at beginning of the year	(1,584)	–	–
Impairment loss recognised in the year included in other losses	–	(1,584)	–
Balance at end of the year	(1,584)	(1,584)	–

The impairment loss was made as there is uncertainty in the time taken to conclude the case and recover the amount.

18. Inventories

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Finished goods	3,751	3,202	4,281
Dental supplies	3,194	3,266	3,333
	6,945	6,468	7,614
Movement in allowance for impairment:			
Balance at beginning of the year	(97)	–	
Impairment loss recognised in the year included in other losses	–	(97)	
Balance at end of the year	(97)	(97)	

Certain inventories are pledged as security for bank facilities. (See Note 27)

19. Trade and other receivables

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Current			
Trade receivables:			
Outside parties	5,563	5,863	7,513
Less allowance for impairment	(77)	(77)	–
Net trade receivables – sub-total	5,486	5,786	7,513
Other receivables:			
Deposits to secure services	4,149	4,145	3,904
Receivable for remaining proceeds from disposal of assets held for sale	539	785	725
Receivable from vendors of subsidiaries	–	–	1,066
Receivable from directors of subsidiaries / associate	2,642	1,551	935
Capital contribution receivable from non-controlling shareholders of subsidiaries	–	–	5,360
Income tax recoverable	–	244	101
Other receivables	4,787	4,305	4,321
Less allowance for impairment	(950)	(1,216)	–
Net other receivables – sub-total	11,167	9,814	16,412
Total trade and other receivables	16,653	15,600	23,925
Non-current:			
Other receivables	1,062	1,438	289

19. Trade and other receivables (cont'd)

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Current			
Trade receivables:			
Outside parties	604	604	–
Subsidiaries (Note 3)	25,288	21,494	14,460
Less allowance for impairment	(2,224)	(1,050)	(1,050)
Net trade receivables – sub-total	23,668	21,048	13,410
Other receivables:			
Subsidiaries (Note 3)	28,323	36,581	60,998
Less allowance for impairment	(7,799)	(6,771)	(2,991)
Deposits to secure services	111	111	242
Income tax recoverable	–	–	25
Other receivables	1,776	816	1,269
Net other receivables – sub-total	22,411	30,737	59,543
Total trade and other receivables	46,079	51,785	72,953
Non-current:			
Other receivables	980	1,356	200

The non-current portion is receivable as follows:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Within 2 to 5 years	1,062	518	289
More than 5 years	–	920	–
Total non-current portion	1,062	1,438	289

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Within 2 to 5 years	980	436	200
More than 5 years	–	920	–
Total non-current portion	980	1,356	200

19. Trade and other receivables (cont'd)

Other receivables include the following unsecured loans to certain dentists and employees of the Group:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Non-interest bearing loan	60	436	200
Interest bearing loans	1,096	1,130	97
	1,156	1,566	297

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Non-interest bearing loan	60	436	200
Interest bearing loans	920	920	–
	980	1,356	200

Interest bearing loans of the Group includes $176,000 (31.12.2017: $210,000, 01.01.2017: $97,000) for certain dentists, which are repayable monthly over 3 to 7 years, commencing from the date of appointment of the dentists concerned. Interest is charged at 5% per annum, subject to review annually.

Interest bearing loans of the Group and the Company include $690,000 (31.12.2017: $920,000, 01.01.2017: Nil) for certain employees and $230,000 for related party (31.12.2017: Nil, 01.01.2017: Nil), which are repayable at the end of December 2022 or earlier. Interest is charged at 3% per annum.

	Group	
	31.12.2018	31.12.2017
	$'000	$'000
Movements in above allowance on trade receivables:		
Balance at beginning of the year	77	–
Charge for trade receivables to profit or loss included in other losses	–	77
Balance at end of the year	77	77
Movements in above allowance on other receivables:		
Balance at beginning of the year	1,216	–
(Reversal of) / Charge for trade receivables to profit or loss included in other losses	(266)	1,216
Balance at end of the year	950	1,216

	Company	
	31.12.2018	31.12.2017
	$'000	$'000
Movements in above allowance on trade receivables:		
Balance at beginning of the year	1,050	1,050
Charge for trade receivables to profit or loss included in other losses	1,174	–
Balance at end of the year	2,224	1,050
Movements in above allowance on other receivables:		
Balance at beginning of the year	6,771	2,991
Charge for trade receivables to profit or loss included in other losses	1,028	3,780
Balance at end of the year	7,799	6,771

19. Trade and other receivables (cont'd)

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The estimate is based on its historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The receivables have common risk characteristics as compared to previous years. There were no significant bad debts noted in the previous years. The Group assesses the credit risk of its customers individually. The trade receivables are considered to have low credit risk individually. No loss allowance is necessary.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There is no collateral held as security and other credit enhancements for the trade receivables.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

(i) Trade receivables that are due and / or impaired

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Trade receivables:			
Less than 30 days	606	684	633
31 to 60 days	401	213	606
Over 60 days	2,142	2,130	2,694
Total	3,149	3,027	3,933

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Trade receivables:			
Less than 30 days	5,230	2,518	3,048
31 to 60 days	–	–	–
Over 60 days	10,023	15,558	3,271
Total	15,253	18,076	6,319

19. Trade and other receivables (cont'd)

(i) Trade receivables that are due and / or impaired (cont'd)

The age analysis of non-related party trade receivables that are impaired is as follows:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Trade receivables:			
Over 60 days	77	77	–

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Trade receivables:			
Over 60 days	2,224	1,050	1,050

The allowance on trade receivables for the Group and the Company is based on individual accounts totaling $77,000 (31.12.2017: $77,000, 01.01.2017: Nil) and $2,224,000 (31.12.2017: $1,050,000, 01.01.2017: $1,050,000) respectively. These are determined to be impaired at the end of reporting year and are not secured.

The average credit period generally granted to non-related trade receivable customers is about 30 days (31.12.2017: 30 days, 01.01.2017: 30 days). The dental and medical centres and clinics do not generally grant credit as services are usually settled in cash, NETS and credit card payments. The trade receivables are mainly NETS and credit card payments that take approximately a few days to settle. Certain subsidiaries engaged in the trading of dental surgery materials and equipment and manufacturing of dental supplies grant credit term of 30 days to 120 days (31.12.2017: 30 days to 120 days, 01.01.2017: 30 days to 120 days) to their customers.

(ii) Concentration of credit risk

Concentration of trade receivable customers (excluding associates) as at the end of reporting year:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Top 1 customer	116	204	1,073
Top 2 customers	219	408	1,431

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Top 1 customer	2,414	1,996	1,465
Top 2 customers	3,686	3,535	2,849

19. Trade and other receivables (cont'd)

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Other receivables are normally with no fixed terms and therefore there is no maturity. Related company receivables are regarded as of low credit risk if they are guaranteed with the ability to settle the amount. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. A loss allowance balances of $950,000, (31.12.2017: $1,216,000, 01.01.2017: Nil) and $7,799,000 (31.12.2017: $6,771,000, 01.01.2017: $2,991,000) of the Group and the Company were recognised respectively.

Save for loans to certain dentists and employees as disclosed above, other receivables are normally with no fixed terms and therefore there is no maturity.

20. Other assets

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000 (Restated)	$'000
Non-current:			
Sign-on bonus	3,306	757	840
Assignment fees	135	153	171
Shares held in trust [(a)]	7,315	7,315	5,360
	10,756	8,225	6,371
Current:			
Prepayments	1,837	1,866	2,783
Sign-on bonus	767	342	405
Assignment fees	18	18	18
	2,622	2,226	3,206

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Non-current:			
Assignment fees	–	161	76
Current:			
Prepayments	558	734	752
Sign-on bonus	–	36	80
	558	770	832

(a) This refers to 12.05% interests in Aidite Qinhuangdao held in trust for Q & M Professionals Holding Pte. Ltd. ("QPH"), a company owned by certain key executives and dentists of the Group, Dr Cheah Kim Fee ("Dr Cheah"), All Win, Full Win and Initial Capital. Refer to Note 27E.

21. Cash and cash equivalents

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Not restricted in use	24,924	37,040	44,091
Interest earning balances	4,268	5,386	10,329

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Not restricted in use	2,653	10,458	10,077
Interest earning balances	1,094	2,037	7,037

The interest earned from the interest earning balances was not significant.

21A. Reconciliation of liabilities arising from financing activities:

Group	31.12.2017	Cash flows	Non-cash changes		31.12.2018
	$'000	$'000	$'000		$'000
Long-term borrowings	19,074	59,998	(202)	(a)	78,870
Short-term borrowings	60,472	(60,231)	202	(a)	443
Total liabilities from financing activities	79,546	(233)	–		79,313

Group	01.01.2017	Cash flows	Non-cash changes		31.12.2017
	$'000	$'000	$'000		$'000
Long-term borrowings	63,909	(11)	(44,824)	(b)	19,074
Short-term borrowings	15,510	(192)	45,154	(c)	60,472
Total liabilities from financing activities	79,419	(203)	330		79,546

(a) Mainly due to reclassification of bank loans from non-current to current.

(b) Mainly due to reclassification of medium term note from non-current to current and also re-financing of certain bank loans resulted in presenting certain bank loans as non-current instead of current.

(c) Due to the reasons stated in (b) above and unwinding of amortised costs on medium term note of $330,000.

22. Share capital

	Number of ordinary shares			
	Share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	$'000	$'000
Group and Company:				
Ordinary shares of no par value				
Balance at beginning of the year 1 January 2017	804,887	(8,323)	86,758	(5,795)
Issue of share at $0.720 cents each [(a)(b)]	–	585	–	421
Share buyback [(c)]	–	(2,281)	–	(1,461)
Balance at end of the year 31 December 2017	804,887	(10,019)	86,758	(6,835)
Share buyback [(c)]	–	(9,246)	–	(4,723)
Balance at end of the year 31 December 2018	804,887	(19,265)	86,758	(11,558)

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

(a) On 9 March 2017, the Company transferred 466,666 ordinary shares from its treasury shares as consideration shares to Dr. Ho Chuk Ping for the acquisition of Ho Dental Surgery.

(b) On 30 April 2017, the Company transferred 118,055 ordinary shares from its treasury shares as consideration shares to Dr. Markandoo Sivakumaran for the acquisition of British Dental Surgery Pte. Ltd..

(c) Treasury shares relate to ordinary shares of the Company that are held by the Company. Pursuant to the share buyback mandate approved by shareholders, the Company purchased 9,246,300 (31.12.2017: 2,280,500) of its shares by way of on-market purchases at share prices ranging from $0.47 to $0.61 (31.12.2017: $0.61 to $0.65). The total amount paid or payable to purchase shares was $4,723,000 (31.12.2017: $1,461,000) and this is presented as a component within equity attributable to equity holders of the Company.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as net total borrowings less cash and cash equivalents. Adjusted capital comprises of all components of equity, that is, its total equity.

22. Share capital (cont'd)

Capital management: (cont'd)

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Net debt:			
Other financial liabilities	86,628	86,861	84,779
Less: Cash and cash equivalents	(24,924)	(37,040)	(44,091)
Net debt	61,704	49,821	40,688
Adjusted capital:			
Total equity	111,686	113,867	122,043
Adjusted capital	111,686	113,867	122,043
Debt-to-adjusted capital ratio	55.2%	43.8%	33.3%

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Net debt:			
Other financial liabilities	75,000	74,950	74,620
Less: Cash and cash equivalents	(2,653)	(10,458)	(10,077)
Net debt	72,347	64,492	64,543
Adjusted capital:			
Total equity	78,517	91,490	87,997
Adjusted capital	78,517	91,490	87,997
Debt-to-adjusted capital ratio	92.1%	70.5%	73.3%

The unfavourable change of the Group as shown by increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in net debt and the decrease in total equity.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

In order to maintain its listing on the Singapore Stock Exchange, it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

23. Other reserves

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Foreign currency translation reserve (Note 23A)	(2,484)	(1,405)	(1,354)
Other reserves	(200)	(200)	–
Total at end of the year	(2,684)	(1,605)	(1,354)

23A. Foreign currency translation reserve

At beginning of the year	(1,405)	(1,354)
Arising from deconsolidation of subsidiary (Note 29)	–	(712)
Exchange differences on translating foreign operations	(1,079)	661
At end of the year	(2,484)	(1,405)

All reserves classified on the face of the statement of financial position as retained earnings represent past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised. The currency translation reserve accumulates all foreign exchange differences.

24. Share-based payments

During the reporting year ended 31 December 2018, no option to take up unissued shares of the Company or any body corporate in the Group was granted. There were no employee share options granted since the commencement of the share option scheme and performance share plan which are more fully disclosed in the statement by directors.

25. Provisions

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Provision for reinstatement of leased premises	638	643	615
Movements in above provision:			
Balance at beginning of the year	643	615	
Additions	8	76	
Used	(13)	(48)	
Balance at end of the year	638	643	

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased premises. The estimate is based on quotations from external contractors.

26. Trade and other payables

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Trade payables:			
Outside parties and accrued liabilities	10,915	12,918	14,662
Trade payables – sub-total	10,915	12,918	14,662
Other payables:			
Deposits received	287	312	648
Amount due to vendors of acquired subsidiaries	915	691	1,841
Amount due to directors of the subsidiaries	886	922	898
Amount due to shareholders of the associate	–	2,131	2,582
Other payables	1,015	566	351
Other payables – sub-total	3,103	4,622	6,320
Total trade and other payables	14,018	17,540	20,982

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Trade payables:			
Outside parties and accrued liabilities	759	1,874	1,751
Subsidiaries (Note 3)	654	401	836
Trade payables – sub-total	1,413	2,275	2,587
Other payables:			
Subsidiaries (Note 3)	4,847	3,885	1,820
Amount due to vendors of acquired subsidiaries	915	691	1,000
Amount due to shareholders of the associate	–	2,131	2,131
Other payables – sub-total	5,762	6,707	4,951
Total trade and other payables	7,175	8,982	7,538

27. Other financial liabilities

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Non-current:			
Bank loans (Note 27A)	78,870	19,072	4,276
Finance leases (Note 27B)	–	2	13
Medium term note (Note 27D)	–	–	59,620
Redeemable preference shares (Note 27E)	7,315	7,315	5,360
Non-current, total	86,185	26,389	69,269
Current:			
Bank loans (Note 27A)	263	262	15,263
Finance leases (Note 27B)	2	2	2
Medium term note (Note 27D)	–	59,950	–
Bill payable (Note 27C)	178	258	245
Current, total	443	60,472	15,510
Total	86,628	86,861	84,779

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Non-current:			
Bank loans (Note 27A)	75,000	15,000	–
Medium term note (Note 27D)	–	–	59,620
Non-current, total	75,000	15,000	59,620
Current:			
Bank loans (Note 27A)	–	–	15,000
Medium term note (Note 27D)	–	59,950	–
Current, total	–	59,950	15,000
Total	75,000	74,950	74,620

27. Other financial liabilities (cont'd)

The non-current portion is repayable as follows:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Due within 2 to 5 years	83,368	23,370	60,687
Due after 5 years	2,817	3,019	8,582
Total non-current portion	86,185	26,389	69,269

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Due within 2 to 5 years	75,000	15,000	59,620
Due after 5 years	–	–	–
Total non-current portion	75,000	15,000	59,620

The range of floating rate interest rates paid were as follows:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	%	%	%
Bank loans	2.71 – 4.14	1.98 – 3.62	1.68 – 4.01
Bill payable	1.5	1.5	1.5
The weighted effective interest rates paid were as follows:			
Medium term loan	–	5.04	5.04

The floating debt instruments are with interest rates that are re-set regularly at one, three or six months intervals. The exposure of the borrowings to interest rate changes and the contractual repricing dates at the end of the reporting years was below six months.

27A. Bank loans

The bank loans except for the bank loans of the Company are secured or covered by the following:

(a) Corporate guarantee from the Company for loans of the subsidiaries;

(b) First legal assignment at all rights, title and benefits under existing and future tenancy agreements and rental income; and

(c) Legal mortgage over a property (Note 13).

The fair value (level 2) of the bank loans is a reasonable approximation of the carrying amount as it is a floating rate instrument that is frequently re-priced to market interest rates.

27. Other financial liabilities (cont'd)

27A. Bank loans (cont'd)

The Company was required to comply with certain financial covenants such as:

(i) The consolidated shareholders' equity shall not at any time be less than $60,000,000.

(ii) The ratio of consolidated net debt to consolidated shareholders' equity shall not at any time exceed 1.75 to 2:1; and

(iii) The ratio of consolidated earnings before interest, taxes, depreciation and amortisation to consolidated interest expense shall not at any time be less than 1.75:1.

The principal shall be repaid in full within 36 months from the drawdown date.

27B. Finance leases

Group	Minimum payments	Finance charges	Present value
31.12.2018	$'000	$'000	$'000
Minimum lease payments payable:			
Due within one year	2	–	2
Due within 2 to 5 years	–	–	–
Total	2	–	2
Net book value of plant and equipment under finance leases			–
31.12.2017			
Minimum lease payments payable:			
Due within one year	2	–	2
Due within 2 to 5 years	2	–	2
Total	4	–	4
Net book value of plant and equipment under finance leases			1
01.01.2017			
Minimum lease payments payable:			
Due within one year	2	–	2
Due within 2 to 5 years	14	(1)	13
Total	16	(1)	15
Net book value of plant and equipment under finance leases			80

There are leases for certain of its plant and equipment under finance leases. The average lease term was 3 years (31.12.2017 and 01.01.2017: 3 years). The fixed rate of interest for finance leases was ranging from 1.28% to 2.57% (31.12.2017 and 01.01.2017: 1.28% to 2.57%) per annum. All leases are on a fixed repayment basis and no arrangements were entered into for contingent rental payments. The obligations under finance leases were secured by the lessor's charge over the leased assets.

The fixed interest rate approximates the market interest rate. The carrying amount of the lease liabilities was not significantly different from the fair value (level 2).

27. Other financial liabilities (cont'd)

27C. Bill payable

The bills payables of the subsidiary are secured or covered by the following:

(i) Facilities Agreement;

(ii) Corporate guarantee by the Company;

(iii) Jointly and severally guaranteed by certain directors of the subsidiary;

(iv) Negative pledge;

(v) Fixed deposit; and

(vi) Trade Financing General Agreement from the subsidiary.

The bill payables of the Group have maturity period of 90 days (31.12.2017 and 01.01.2017: 90 days).

27D. Medium Term Loan

On 19 March 2015, the Company issued $60 million 3-year Medium Term Note ("MTN") due on 18 March 2018 pursuant to the $200 million Multicurrency Medium Term Note Programme established on 23 November 2013. The amount of $59,950,000 as at 31 December 2017 and 1 January 2017 represented the notes stated at amortised cost. Interest at 4.4% per annum was payable semi-annually in arrears. The fixed rate notes were listed on the SGX-ST.

The MTN was repaid on 19 March 2018.

The fair value (Level 1) of the MTN is Nil (31.12.2017: $60,300,000, 01.01.2017: $61,230,000) as at reporting year based on the quoted market price.

The Company was required to comply with certain financial covenants such as:

(i) The consolidated shareholders' equity shall not at any time be less than $40,000,000;

(ii) The ratio of consolidated net debt to consolidated shareholders' equity shall not at any time exceed 1.75:1; and

(iii) The ratio of consolidated earnings before interest, taxes, depreciation and amortisation to consolidated interest expense shall not at any time be less than 1.75:1.

27E. Redeemable preference shares

On 23 December 2016, QMAI, a wholly owned subsidiary of the Company, issued 4,794,000 redeemable preference shares at $1.0968 per share to QPH, a company owned by certain key executives and dentists of the Group, 210,936 redeemable preference shares at $0.47 per share to Dr Cheah, a key executive of the Group, respectively for cash totalling $5,360,000.

On 15 November 2017, both the Group and Dr Cheah sold 982,728 and 10,930 redeemable preference shares at $1.9755 per share to All Win, Full Win and Initial Capital. All Win and Full Win are owned by certain dentists of the Group.

These redeemable preference shares were issued at a valuation which approximated the fair value of the subsidiary at the date of grant.

27. Other financial liabilities (cont'd)

27E. Redeemable preference shares (cont'd)

Each redeemable preference share in QMAI is equivalent to an ordinary share that QMAI holds in Aidite Qinhuangdao. During the 6 years commencing from the date of issue, the preference shareholders, have the right to tag-along and redeem its preference shares on a pro-rata basis should the Company redeem its interests in Aidite Qinhuangdao shares. At the end of 31 December 2022, all outstanding preference shares shall be mandatorily and automatically be exchanged into Aidite Qinhuangdao shares or net proceeds received from selling Aidite Qinhuangdao shares. The preference shareholders are not entitled to fixed dividend and do not have the right to vote.

The Group will continue to recognise the redeemable preference shares as liabilities until the date of disposal of Aidite Qinhuangdao's shares or when the effective interests in Aidite Qinhuangdao is transferred to the redeemable preference shareholders. Only then, the shares held in trust by the Group will be derecognised.

The redeemable preference shares are carried at cost with corresponding shares in Aidite Qinhuangdao held in trust for QPH, Dr Cheah, All Win, Full Win and Initial Capital. See Note 20.

On 29 March 2018, the Group signed a letter of understanding with QPH to document the understanding that QPH is not entitled to any dividends declared from Aidite Qinghuangdao.

28. Acquisition of subsidiaries

31.12.2018

The Group acquired the business and certain assets of Chin Dental and Perling Dental. This acquisition was done at Q & M Dental Surgery (Selatan) Shd. Bhd. level. This enabled the Group to continue the expansion of its main dental business in Singapore and in Malaysia respectively.

The transactions were accounted for by the acquisition method of accounting.

The business combinations during the reporting year are presented separately as follows:

Group 31.12.2018	Chin Dental $'000	Perling Dental $'000	Total $'000
Plant and equipment	7	19	26
Inventories	2	8	10
Net identifiable assets	9	27	36
Goodwill arising on consolidation	57	80	137
Purchase consideration	66	107	173
Amount payable to vendors of the acquired subsidiaries	–	–	–
Net cash outflow from acquisition of subsidiaries	66	107	173

The goodwill arising on acquisition of above subsidiaries are attributable to the anticipated profitability of the acquired subsidiaries and the anticipated future operating synergies from the combination.

The goodwill is not deductible for tax purposes.

28. Acquisition of subsidiaries (cont'd)

31.12.2018 (cont'd)

The contributions from the acquired subsidiaries for the period between the date of acquisition and the statement of financial position date, the transaction been effected at the beginning of the year were as follows:

Group 31.12.2018	From date of acquisition in 2018 $'000
Revenue	157
Profit before tax	44

31.12.2017

The Group acquired the business and certain assets of Horizon Dental Surgery and CS Tan Surgery. This enabled the Group to continue the expansion of its main dental business in Singapore and in Malaysia respectively.

The transactions were accounted for by the acquisition method of accounting.

The business combinations during the reporting year are presented separately as follows:

Group 31.12.2017	CS Tan Surgery $'000	Horizon Dental Surgery $'000	Total $'000
Plant and equipment	21	–	21
Net identifiable assets	21	–	21
Goodwill arising on consolidation	78	350	428
Purchase consideration	99	350	449
Amount payable to vendors of the acquired subsidiaries	(66)	–	(66)
Net cash outflow from acquisition of subsidiaries	33	350	383

The goodwill arising on acquisition of above subsidiaries are attributable to the anticipated profitability of the acquired subsidiaries and the anticipated future operating synergies from the combination.

The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiaries for the period between the date of acquisition and the statement of financial position date, the transaction been effected at the beginning of the year were as follows:

Group 31.12.2017	From date of acquisition in 2017 $'000
Revenue	292
Profit before tax	17

29. Deconsolidation of subsidiary

31.12.2017

The Group deconsolidated its subsidiary, Aoxin Q & M on 26 April 2017. The Group's equity interest reduced from 100% to 45.94%. The gain on disposal is included in profit or loss. The retained interest in the investee is accounted for in accordance with SFRS(I) 1-28 as an associate whose fair value at the date of disposal was $32,692,000, which was determined using the issue price (level 1). See Note 15.

The results for the reporting year from disposal of the subsidiary and the results for the previous reporting year and for the period from the beginning of the reporting year to 26 April 2017, which have been included in the consolidated financial statements, were as follows:

	Group	
	2017	2016
	$'000	$'000
Revenue	6,205	18,201
Cost of sales	(2,040)	(5,421)
Interest income	2	10
Employee benefit expenses	(1,846)	(5,117)
Depreciation	(363)	(1,025)
Rental expenses	(306)	(924)
Finance costs	(1)	(125)
Other expenses	(1,699)	(2,745)
Other gains	21	(7)
Profit before tax before disposal	(27)	2,847
Gain on deemed disposal	17,102	–
Profit before tax	17,075	2,847
Income tax expense	(501)	(1,249)
Profit net of tax	16,574	1,598
Profit attributable to owners of the parent, net of tax	16,813	257
(Loss) / Profit attributable to non-controlling interests, net of tax	(239)	1,341
Profit before tax	16,574	1,598

29. Deconsolidation of subsidiary (cont'd)

The following table is a summary of the carrying value of the assets and liabilities of the subsidiary at the date when the control is lost:

	Group	
	At date of disposal in 2017	At end of last year 2016
	$'000	$'000
Goodwill	20,098	21,772
Intangible assets	602	662
Plant and equipment	7,324	7,824
Trade and other receivables	2,161	3,560
Other assets	(223)	780
Inventories	1,645	1,451
Cash and cash equivalents	8,281	7,737
Foreign currency translation reserves	(712)	(623)
Deferred tax liabilities	(323)	(169)
Trade and other payables	(4,423)	(23,460)
Income tax payables	(228)	(185)
Other reserves	(4,446)	–
Non-controlling interest	(14,166)	(6,598)
Net assets disposed of	15,590	12,751
Gain on disposal of subsidiary	17,102	
Fair value of remaining shareholding on the date when the control is lost	32,692	
Net cash outflow on disposal:		
Cash balance disposed of	8,281	

30. Disposal of subsidiary

The Group disposed its subsidiary, Q & M Medical Aesthetic & Laser Centre Pte. Ltd. on 28 November 2017. The gain on disposal is included in profit or loss.

The results for the reporting year from disposal of the subsidiary and the results for the previous reporting year and for the period from the beginning of the reporting year to 28 November 2017, which have been included in the consolidated financial statements, were as follows:

	Group	
	2017	2016
	$'000	$'000
Revenue	544	874
Cost of sales	(125)	(194)
Employee benefit expenses	(358)	(377)
Depreciation	(51)	(59)
Rental expenses	(247)	(263)
Other expenses	(242)	(270)
Other losses	(2)	(37)
Other gains	–	6
Loss before tax before disposal	(481)	(320)
Gain on deemed disposal	290	–
Loss before tax	(191)	(320)
Income tax expense	–	–
Loss net of tax	(191)	(320)
Loss attributable to owners of the parent, net of tax	(191)	(320)
Loss attributable to non-controlling interests, net of tax	–	–
	(191)	(320)

30. Disposal of subsidiary (cont'd)

The following table is a summary of the carrying value of the assets and liabilities of the subsidiary at the date when the control is lost:

	Group	
	At date of disposal in 2017	At end of last year 2016
	$'000	$'000
Plant and equipment	280	329
Trade and other receivables	–	297
Other assets	–	13
Inventories	77	62
Cash and cash equivalents	–	11
Deferred tax liabilities	(42)	(42)
Trade and other payables	(363)	(1,730)
Income tax payables	–	(9)
Net assets disposed of	(48)	(1,069)
Net cash outflow on disposal:		
Cash consideration	242	
Cash balance disposed of	–	
Net cash outflow	242	

31. Operating lease income commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year	566	629
Later than one year and not later than five years	487	179
Rental income for the year	864	853

Operating lease income commitments are for certain clinics. The lease rental income terms are negotiated for an average term of three years and rentals are not subject to any escalation clause. There are certain operating leases for the rental of certain office premises with no commitment terms.

32. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year	11,470	11,890
Later than one year and not later than five years	8,542	12,946
Rental expense for the year	12,866	12,798

Operating lease payments are for rental payable for certain clinics and office premises. The lease rental terms are negotiated for an average term of three years. Certain of the clinics and office premises are sub-let to others for rental income (see Note 31).

There are certain operating leases for the rental of certain office premises from the owners (related parties) with no commitment terms.

33. Financial instruments: information on financial risks

33A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

		Group	
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Financial assets:			
Financial assets at amortised cost	42,639	53,834	68,204
At end of the year	42,639	53,834	68,204
Financial liabilities:			
Financial liabilities at amortised cost	100,646	104,401	105,761
At end of the year	100,646	104,401	105,761

		Company	
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Financial assets:			
Financial assets at amortised cost	49,712	63,599	83,205
At end of the year	49,712	63,599	83,205
Financial liabilities:			
Financial liabilities at amortised cost	82,175	83,932	82,158
At end of the year	82,175	83,932	82,158

Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

33. Financial instruments: information on financial risks (cont'd)

33B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate and currency risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposure to risk; the objectives, policies and processes for managing the risk and the methods use to measure the risk.

33C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

33D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 21 discloses the maturity of the cash and cash equivalents balances of less than 90 days. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

33. Financial instruments: information on financial risks (cont'd)

33E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (31.12.2017 and 01.01.2017: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Non-derivative financial liabilities:	Less than 1 year $	2 – 5 years $	Over 5 years $	Total $
Group				
31.12.2018:				
Trade and other payables	14,018	–	–	14,018
Gross borrowings commitments	3,317	87,400	3,448	94,165
At end of year	17,335	87,400	3,448	108,183
31.12.2017:				
Trade and other payables	17,540	–	–	17,540
Gross borrowings commitments	62,356	24,592	3,967	90,915
At end of year	79,896	24,592	3,967	108,455
01.01.2017:				
Trade and other payables	20,982	–	–	20,982
Gross borrowings commitments	18,509	61,981	4,317	84,807
At end of year	39,491	61,981	4,317	105,789

Non-derivative financial liabilities:	Less than 1 year $	2 – 5 years $	Over 5 years $	Total $
Company				
31.12.2018:				
Trade and other payables	7,175	–	–	7,175
Gross borrowings commitments	2,793	78,491	–	81,284
At end of year	9,968	78,491	–	88,459
31.12.2017:				
Trade and other payables	8,982	–	–	8,982
Gross borrowings commitments	61,747	15,855	–	77,602
At end of year	70,729	15,855	–	86,584
01.01.2017:				
Trade and other payables	7,538	–	–	7,538
Gross borrowings commitments	17,854	60,557	–	78,411
At end of year	25,392	60,557	–	85,949

33. Financial instruments: information on financial risks (cont'd)

33E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Company	Less than 1 year $'000
31.12.2018	
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	5,764
At end of the year	5,764
31.12.2017	
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	5,764
At end of the year	5,764
01.01.2017	
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	5,764
At end of the year	5,764

Bank facilities:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Unutilised bank overdraft	1,500	1,500	1,500
Unutilised credit facilities / foreign exchange	2,787	2,826	2,691
Unutilised fixed advance facilities	2,000	2,000	2,000
Unutilised interest rate swap facilities	60,000	–	–
Unutilised multicurrency medium term note	500,000	640,000	140,000
Unutilised non-revolving hire purchase line	1,000	1,000	1,000
Unutilised revolving credit facilities	4,000	3,197	3,760

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

33. Financial instruments: information on financial risks (cont'd)

33F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Financial assets with interest:			
Fixed rates	1,096	1,130	97
Floating rates	4,268	5,386	10,329
Total at end of the year	5,364	6,516	10,426
Financial liabilities with interest:			
Fixed rates	2	59,954	59,635
Floating rates	79,311	19,592	19,784
Total at end of the year	79,313	79,546	79,419

	Company		
	31.12.2018	31.12.2017	01.01.2017
	$'000	$'000	$'000
Financial assets with interest:			
Fixed rates	920	920	–
Floating rates	1,094	2,037	7,037
Total at end of the year	2,014	2,957	7,037
Financial liabilities with interest:			
Fixed rates	–	59,950	59,620
Floating rates	75,000	15,000	15,000
Total at end of the year	75,000	74,950	74,620

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on post tax profit is not significant.

33G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currency.

33. Financial instruments: information on financial risks (cont'd)

33G. Foreign currency risks

Group	Japanese Yen	US Dollars	Euro	Total
31.12.2018	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	–	63	–	63
Loan and receivables	–	–	–	–
Total financial assets	–	63	–	63
Financial liabilities:				
Trade and other payables	(108)	(155)	(194)	(457)
Total financial liabilities	(108)	(155)	(194)	(457)
Net financial liabilities at end of the year	(108)	(92)	(194)	(394)
31.12.2017				
Financial assets:				
Cash and cash equivalents	–	62	–	62
Loan and receivables	–	65	–	65
Total financial assets	–	127	–	127
Financial liabilities:				
Trade and other payables	(154)	(202)	(793)	(1,149)
Total financial liabilities	(154)	(202)	(793)	(1,149)
Net financial liabilities at end of the year	(154)	(75)	(793)	(1,022)
01.01.2017				
Financial assets:				
Cash and cash equivalents	–	388	–	388
Loan and receivables	–	65	–	65
Total financial assets	–	453	–	453
Financial liabilities:				
Trade and other payables	(371)	(274)	(419)	(1,064)
Total financial liabilities	(371)	(274)	(419)	(1,064)
Net financial assets/(liabilities) at end of the year	(371)	179	(419)	(611)

33. Financial instruments: information on financial risks (cont'd)

33G. Foreign currency risks (cont'd)

Company	US Dollars
31.12.2018	$'000
Financial assets:	
Cash and cash equivalents	63
Total financial assets	63
Financial liabilities:	
Trade and other payables	–
Total financial liabilities	–
Net financial assets at end of the year	63
31.12.2017	
Financial assets:	
Cash and cash equivalents	62
Total financial assets	62
Financial liabilities:	
Trade and other payables	–
Total financial liabilities	–
Net financial assets at end of the year	62
01.01.2017	
Financial assets:	
Cash and cash equivalents	67
Total financial assets	67
Financial liabilities:	
Trade and other payables	–
Total financial liabilities	–
Net financial assets at end of the year	67

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on post tax profit is not significant.

34. Items in profit or loss

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2018	2017
	$'000	$'000
Audit fees to the independent auditor of the Company	345	377
Audit fees to the other independent auditor	27	103
Other fees to the independent auditor of the Company	20	136
Other fees to the other independent auditor	–	14

35. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2018	2017
	$'000	$'000
Commitments to purchase plant and equipment	2,765	–

36. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS(I) No.	Title
SFRS(I) 1-28	Amendments to, Investments in Associates and Joint Venture – Sale or Contribution of Assets
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)
SFRS(I) 9	Financial Instruments
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration

37. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-28	Amendments: Long-Term Interests In Associates And Joint Ventures	1 January 2019
SFRS(I) 16	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes	1 January 2019
SFRS(I) 1-23	Improvements (2017) – Amendments: Borrowing Costs	1 January 2019
SFRS(I) 3	Improvements (2017) – Amendments: Business Combinations	1 January 2019
SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Not fixed yet

Leases

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the entity's non-cancellable operating lease commitments as at 31 December 2018 shown in Note 32, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed.

38. Reclassifications and comparative figures

Certain reclassifications have been made in the balances in the financial statements for last year. The material changes in the balances included the following:

	Regrouping / Reclassifications		
	After	Before	Difference
	$'000	$'000	$'000
2017 Statement of financial position:			
Property, plant and equipment	21,300	20,329	971
Other assets	2,226	3,197	(971)
2017 Statement of comprehensive income:			
Consumables, dental equipment and dental supplies used	(15,422)	(15,497)	75
Depreciation and amortisation expense	(3,329)	(3,254)	(75)

The above reclassifications did not require modifications and reclassifications to financial statements measurements. Apart from these disclosures, other balances and notes are not impacted by the reclassifications.

There are no changes to other components of the financial statements and for the reporting year as at 1 January 2017.

STATISTICS OF SHAREHOLDINGS
AS AT 18 MARCH 2019

SHARE CAPITAL

Class of shares	:	Ordinary Shares
Number of issued and paid-up shares (excluding treasury shares)	:	785,621,921
Voting rights	:	One vote per ordinary share
Number of treasury shares	:	19,265,879
Number of subsidiary holdings held	:	NIL
% of treasury shares to total number of issued shares (excluding treasury shares)	:	2.452%

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 18 March 2019, approximately 32.82% of the Company's issued ordinary shares (excluding treasury shares) were held by the public, and Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	19	0.60	136	0.00
100 - 1,000	203	6.48	149,359	0.02
1,001 - 10,000	1,349	43.03	8,666,400	1.10
10,001 - 1,000,000	1,529	48.77	89,372,180	11.38
1,000,001 and above	35	1.12	687,433,846	87.50
Total:	3,135	100.00	785,621,921	100.00

* Excluding Treasury Shares as at 18 March 2019 - 19,265,879 shares

LIST OF 21 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	QUAN MIN HOLDINGS PTE LTD	202,614,745	25.79
2	OCBC SECURITIES PRIVATE LTD	132,807,600	16.90
3	CITIBANK NOMINEES SINGAPORE PTE LTD	70,827,102	9.02
4	SING INVESTMENTS & FINANCE NOMINEES (PTE.) LTD.	39,200,000	4.99
5	PHILLIP SECURITIES PTE LTD	38,257,200	4.87
6	KOH SHUNJIE KELVIN (XU SHUNJIE KELVIN)	36,889,000	4.70
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	20,901,226	2.66
8	RAFFLES NOMINEES (PTE) LIMITED	16,814,800	2.14
9	FOO MOOH THONG	16,640,000	2.12
10	FELICIA SHUHUI KOH MRS FELICIA FENNER	15,810,000	2.01
11	DBS NOMINEES PTE LTD	14,762,111	1.88
12	HWANG YEE CHEAU	14,666,383	1.87
13	KGI SECURITIES (SINGAPORE) PTE. LTD.	11,449,800	1.46
14	CHAN PUI KEE	6,501,400	0.83
15	LAI MING CHUN @ LAI POH LIN	6,200,000	0.79
16	LIM KUO KAE	4,040,100	0.51
17	CHOW JOO MING	4,000,000	0.51
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,218,900	0.41
19	OVERSEA CHINESE BANK NOMINEES PTE LTD	3,000,000	0.38
20	CHOO KEANG HAI	2,847,222	0.36
21	RAMASWAMY SREEGHANDHAN	2,847,222	0.36
	Total:	664,294,811	84.56

Note:
%: Based on 785,621,921 shares (excluding shares held as treasury shares) as at 18 March 2019
* Treasury Shares as at 18 March 2019 - 19,265,879 shares

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2019
(As recorded in the Register of Substantial Shareholders)

SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of shares held as Direct	%[1]	No. of shares held as Deemed	%[1]
1	Quan Min Holdings Pte. Ltd.[2]	409,888,045[3]	52.17	-	-
2	Dr Ng Chin Siau	11,440,110[4]	1.46	409,989,045[5]	52.19
3	Heritas Helios Investments Pte. Ltd.	63,733,115[6]	8.11	-	-
4	IMC Heritas Investments Ltd.	-	-	63,733,115[7]	8.11
5	IMC Pan Asia Alliance Corporation	-	-	63,733,115[8]	8.11
6	Heritas Capital Management Pte. Ltd.	-	-	63,733,115[9]	8.11

Notes:

(1) The percentage shareholding interest is computed based on 785,621,921 ordinary shares (excluding treasury shares).

(2) Quan Min Holdings Pte. Ltd. is an investment holding company incorporated in Singapore and is the Company's ultimate parent company.

(3) 207,273,300 shares are held in the name of various nominees.

(4) 11,000,000 shares are held in the name of various nominees.

(5) Dr Ng Chin Siau is deemed to have interest in the Shares held by (i) Quan Min Holdings Pte. Ltd. by virtue of his 43.91% direct shareholding in Quan Min Holdings Pte. Ltd; and (ii) his spouse's, Foo Siew Jiuan, 101,000 ordinary shares.

(6) The entire shares are held in the name of Citibank Nominees Singapore Pte. Ltd..

(7) IMC Heritas Investments Ltd. is the owner of the entire share capital of Heritas Helios Investments Pte. Ltd..

(8) IMC Pan Asia Alliance Corporation is the owner of the entire share capital of IMC Heritas Investments Ltd., which is in turn the owner of the entire share capital of Heritas Helios Investments Pte. Ltd..

(9) Heritas Capital Management Pte. Ltd. is the discretionary investment manager of Heritas Helios Investments Pte. Ltd..

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Q & M Dental Group (Singapore) Limited (the "**Company**") will be held at PARKROYAL on Kitchener Road, Emerald Ballroom 2, 181 Kitchener Road, Singapore 208533 on Thursday, 25 April 2019 at 5.30 p.m. (the "**AGM**") to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 0.42 cents per share for the financial year ended 31 December 2018. **(Resolution 2)**

3. To approve the payment of directors' fees of S$183,000.00/- for the financial year ended 31 December 2018 [2017: S$183,000.00/-]. **(Resolution 3)**

4. To re-elect Mr Ng Weng Sui Harry, retiring pursuant to Article 104 of the Company's Constitution. (see Explanatory Note (i)) **(Resolution 4)**

5. To re-elect Dr Ang Ee Peng Raymond, retiring pursuant to Article 104 of the Company's Constitution. (see Explanatory Note (ii)) **(Resolution 5)**

6. To re-appoint Messrs RSM Chio Lim LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

7. **Authority to Issue and Allot Shares** **(Resolution 7)**

   (a) That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and the Mainboard Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Mainboard Rules**"), approval be and is hereby given to the directors of the Company (the "**Directors**") at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

      (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

SPECIAL BUSINESS (Cont'd)

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force, provided always that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior shareholders' approval is required under the Mainboard Rules, an issue of treasury shares will not require further shareholders' approval and will not be included in the aforementioned limits;

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

a. new shares arising from the conversion or exercise of convertible securities;

b. new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Mainboard Rules; and

c. any subsequent bonus issue, consolidation or subdivision of the Company's share;

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Mainboard Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being of the Company;

(iii) the authority conferred by this resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

(see Explanatory Note (iii))

8. **Proposed Renewal of Share Buy-Back Mandate** **(Resolution 8)**

(a) That for the purposes of Sections 76C and 76E of the Act and such other laws and regulations as may for the time being be applicable, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (each an "**On-Market Share Purchase**") on the SGX-ST; and/or

SPECIAL BUSINESS (Cont'd)

(ii) off-market purchases (each an "**Off-Market Share Purchase**") (if affected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Mainboard Rules;

(the "**Share Buy-Back Mandate**");

(b) any Shares that are purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which the share buy-backs are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked;

(d) in this resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the day of the making of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from the shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; or

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price;

in either case, excluding related expenses of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate;

SPECIAL BUSINESS (Cont'd)

"**Prescribed Limit**" means 10% of the total number of Shares as at the date of passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount the issued ordinary share capital of the Company as altered (excluding any subsidiary holdings and treasury shares that may be held by the Company from time to time); and

"**Relevant Period**" means the period commencing from the date on which this resolution is passed and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

(e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution.

(see Explanatory Note (iv))

OTHER BUSINESS

9. To transact any other ordinary business which may be properly be transacted at an annual general meeting.

ON BEHALF OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer

10 April 2019

Explanatory Notes:

(i) Details on Mr Ng Weng Sui Harry

Date of Appointment: 14 October 2009

Date of last re-appointment (if applicable): 25 April 2016

Age: 63

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the Corporate Governance section in the Company's 2018 Annual Report.

Whether appointment is executive, and if so, the area of responsibility: Non-Executive

Job Title: Independent Non-Executive Director

Professional Qualifications: Please refer to the Board of Directors section in the Company's 2018 Annual Report

Working experience and occupation(s) during the past 10 years: Please refer to the Board of Directors section in the Company's 2018 Annual Report

Shareholding interest in the listed issuer and its subsidiaries: 240,000 Shares i.e. 0.03%

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries: No

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Mainboard Rules has been submitted to the listed issuer – Yes

Mr Ng Weng Sui Harry will, upon re-election as Director of the Company, remain as the Independent Non-Executive Director, Chairman of the Audit Committee and member of Nominating and Remuneration Committees. He is considered independent for the purpose of Rule 704(8) of the Mainboard Rules.

(ii) Details on Dr Ang Ee Peng Raymond

Date of Appointment: 13 June 2008

Date of last re-appointment (if applicable): 25 April 2016

Age: 50

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the Corporate Governance section in the Company's 2018 Annual Report.

Whether appointment is executive, and if so, the area of responsibility: Executive. His responsibilities include the Group's human resource function, information technology, procurement, marketing, ISO implementation and complaints handling.

Job Title: Non-Independent Executive Director and Chief Operating Officer

Professional Qualifications: Please refer to the Board of Directors section in the Company's 2018 Annual Report

Working experience and occupation(s) during the past 10 years: Please refer to the Board of Directors section in the Company's 2018 Annual Report

Shareholding interest in the listed issuer and its subsidiaries: Nil

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries: No

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Mainboard Rules has been submitted to the listed issuer – Yes

Dr Ang Ee Peng Raymond will, upon re-election as Director of the Company, remain as the Non-Independent Executive Director and Chief Operating Officer of the Company.

(iii) Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue and allot Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) to be issued and allotted would not exceed 50% of the total number of issued Shares (excluding treasury shares) at the time of passing of this resolution. For issue of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) other than on a pro-rata basis to all shareholders shall not exceed 20% of the total number of issued Shares (excluding treasury shares) at the time of passing of this resolution.

(iv) Ordinary Resolution 8, if passed, will renew the Share Buy-Back Mandate authorising the Directors of the Company to buy back shares of the Company by way of on-market purchase(s) and/or off-market purchase(s) according to the rules and regulations prescribed by the Act and the Mainboard Rules. Further details are set out in the attached circular to shareholders dated 10 April 2019 in relation to the Proposed Renewal of the Share Buy-Back Mandate.

Notes:

1. a) Except for a shareholder who is a Relevant Intermediary, a shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a shareholder appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the proxy form.

   b) Pursuant to Section 181(1C) of the Act, a shareholder who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181(6) of the Act.

2. A proxy need not be a shareholder of the Company.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

4. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #11-02, Singapore 068898, not less than forty-eight (48) hours before the time appointed for the holding of the AGM.

5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend, speak and vote at the AGM.

6. A shareholder should insert the total number of shares held. If the shareholder has shares entered against his name in the Depository Register as defined under the Securities and Futures Act, Chapter 289 of Singapore, he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the shareholder has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the shareholder of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such shareholders are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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Q & M DENTAL GROUP (SINGAPORE) LIMITED
(Registration No.: 200800507R)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please refer to notes overleaf before completing this Form)

IMPORTANT:
1. Relevant intermediaries as defined in Section 181(6) of the Singapore Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy Q & M Dental Group (Singapore) Limited's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding appointment of their proxies.

*I/We ______________________________ (Name) ____________________ (NRIC/Passport /Co. Registration No.) of ____ (Address)
being *a shareholder/shareholders of Q & M Dental Group (Singapore) Limited (the "**Company**"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

*and/or

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/them, the Chairman of the annual general meeting ("**AGM**"), as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held at PARKROYAL on Kitchener Road, Emerald Ballroom 2, 181 Kitchener Road, Singapore 208533 on Thursday, 25 April 2019 at 5.30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM.

*(Voting will be conducted by poll. If you wish to exercise all your votes "**For**" or "**Against**" the relevant resolution, please tick [√] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.)*

No.	Resolutions	For	Against
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditor's Report thereon.		
2.	To declare a final tax exempt (1-tier) dividend of 0.42 cents per share for the financial year ended 31 December 2018.		
3.	To approve the payment of directors' fees of S$183,000/- for the financial year ended 31 December 2018 [2017: S$183,000/-].		
4.	To re-elect Mr Ng Weng Sui Harry, retiring pursuant to Article 104 of the Company's Constitution.		
5.	To re-elect Dr Ang Ee Peng Raymond, retiring pursuant to Article 104 of the Company's Constitution.		
6.	To re-appoint Messrs RSM Chio Lim LLP as auditors of the Company and to authorise the directors to fix their remuneration.		
7.	To authorise directors to issue and allot shares.		
8.	To approve the renewal of shareholders' mandate for the Company to buy-back its own shares.		

Dated this ____________ day of ___________ 2019.

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

____
Signature(s) of shareholders(s)/Common Seal

** Delete accordingly*

IMPORTANT: Please Read Notes for this Proxy Form

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. (a) Except for a shareholder who is a Relevant Intermediary, a shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a shareholder appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the proxy form.

   (b) Pursuant to Section 181(1C) of the Singapore Companies Act Cap. 50 (the "**Act**"), a shareholder who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181(6) of the Act.

3. A proxy need not be a shareholder of the Company.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

5. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898, not less than forty-eight (48) hours before the time appointed for the holding of the AGM.

6. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

7. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

8. Investor who buys shares in the Company using CPF monies and/or SRS monies (as may be applicable) ("**CPF/SRS Investors**") may attend and cast his vote(s) at the AGM in person. CPF/SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint Chairman of the AGM to act as their proxy, in which case, the CPF/SRS Investors shall be precluded from attending the AGM.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

DIRECTORY OF Q & M'S OUTLETS IN SINGAPORE

Q & M DENTAL CENTRES

Bugis	6837 2292	Novena	6258 2623
City Square Mall	6509 1133	Orchard	6732 2633 / 6235 8152
Jurong East Central (JEM)	6425 0398		

Q & M DENTAL CLINICS

CENTRAL

Ang Mo Kio Central	6554 3363
Bishan	6255 5228
Braddell	6358 1098
Bt. Timah	6466 3393
Killiney	6235 1638
Novena	6251 3233
Serangoon Central	6343 0398, 6383 1763
Serangoon Central (NEX)	6509 8858
Serangoon North	6282 8597
Toa Payoh Central	6356 6789, 6256 3633
Toh Yi	6762 7660
Towner Road	6299 8980

EAST

Bedok Central	6876 0533
Bedok Mall	6384 6288
Buangkok MRT	6315 6882
Elias Mall	6584 8793
Eunos MRT	6749 8518
Hougang Central	6386 2663
Hougang Mall	6282 5500
Hougang (The Midtown)	6386 2339
Kallang MRT	6547 1833
Marine Parade Central	6346 1882
Old Airport Road	6447 9033
Pasir Ris Central	6583 0298
Pasir Ris MRT	6583 8313
Potong Pasir (The Poiz Centre)	6968 5131
Punggol MRT	6584 0478
Seletar Mall	6702 3738
Simei MRT	6741 6819
Tampines Central	6588 3233, 6260 2720
Tampines MRT	6785 0608

NORTH

Admiralty	6365 3903
Khatib	6852 3363
Khatib (Wisteria Mall)	6339 0994
Marsiling	6365 6500
Sembawang MRT	6752 3093
Yishun Central	6851 6789
Yishun Central (Northpoint)	6257 1548
Woodlands	6369 0047

SOUTH

Redhill MRT	6272 4858
Tiong Bahru	6270 8168

WEST

Boon Lay MRT	6791 3323
Bt. Batok	6665 4233
Bt. Batok Central	6569 3239
Bt. Gombak	6569 3120
Bt. Gombak MRT	6562 1161
Bt. Panjang	6766 3363
Clementi Central	6872 3633, 6778 2768
Holland Village MRT	6892 3913
Jelapang	6891 2668
Yew Tee Point	6794 5263

SUBSIDIARY CLINICS

Aesthetics Dental Surgery	6333 3233
Bright Smile Dental Surgery	6274 6800
British Dental Surgery	6765 3323
Dentigiene Dental Surgery	6299 8980
Foo & Associates Dental Surgeons	6838 0903
Ho Dental Surgery	6442 1956
Horizon Dental Surgery	6733 5388
Jurong Point Dental Surgery	6792 1811
Lee & Lee (Dental Surgeons)	
• Bukit Batok	6563 2262
• Ocean Financial Centre	6535 6113
• Tampines Central	6788 2262
• Tampines Street 11	6781 0309
Tiong Bahru Dental Surgery	6271 3083
TP Dental Surgeons	6737 9011

MEDICAL CLINICS

Bukit Batok	6565 3866	Serangoon Central	6488 2336
City Square Mall	6509 9558	Tampines Central	6781 3323

全 民

Q&M

Q & M Dental Group (Singapore) Limited

(Incorporated in the Republic of Singapore on 7 January 2008)
(Unique Entity Number 200800507R)

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