



Full Year Financial Statement Announcement And Dividend Announcement For The Year Ended 31 December 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

1(a) A Consolidated Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Unaudited Consolidated Statement of Comprehensive Income of our Group for the full year (twelve months) ended 31 December 2019

	Note	Group		Change %
		12 Months ended 31/12/2019 \$'000	12 Months ended 31/12/2018 \$'000	
Revenue				
Dental and Medical Clinics		119,156	112,587	6
Dental Equipment & Supplies Distribution		8,807	8,221	7
Total Revenue		127,963	120,808	6
Other Items of Income				
Interest Income		32	111	(71)
Other Items of Expense				
Consumables and Supplies Used in Dental & Medical Clinics		(9,198)	(8,400)	10
Cost of Sales - Dental Equipment & Supplies Distribution		(6,548)	(5,835)	12
Employee Benefits Expense		(77,142)	(70,580)	9
Depreciation and Amortisation Expense		(3,281)	(3,306)	(1)
Depreciation of Right-Of-Use Assets		(11,716)	-	NM
Rental Expense		(172)	(12,866)	NM
Other Expenses		(8,081)	(7,464)	8
Finance Costs		(4,143)	(2,635)	57
Other Gains – Net	1(a)(i)	8,245	400	NM
Share of Profit from Equity-Accounted Associates		4,163	4,612	(10)
Profit Before Tax from Continuing Operations		20,122	14,845	36
Income Tax Expense		(1,941)	(760)	155
Profit From Continuing Operations, Net of Tax		18,181	14,085	29
Other Comprehensive Loss:				
Exchange Differences on Translating Foreign Operations, Net of Tax		(221)	(1,051)	(79)
Other Comprehensive Loss for the Year, Net of Tax		(221)	(1,051)	(79)
Total Comprehensive Income for the Year		17,960	13,034	38
Profit attributable to:				
Owners of the Parent, Net of Tax		17,984	14,012	28
Non-Controlling Interests, Net of Tax		197	73	170
Profit Net of Tax		18,181	14,085	29
Total Comprehensive Income attributable to:				
Owners of the Parent		17,764	12,933	37
Non-Controlling Interests		196	101	94
Total Comprehensive Income		17,960	13,034	38

NM: Not Meaningful



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

Notes:

1(a)(i) Other Gains – Net

	12 Months ended	
	31/12/2019	31/12/2018
	\$'000	\$'000
Gain on Disposal of Plant & Equipment	9	3
Plant & Equipment Written Off	(313)	(180)
Foreign Exchange Adjustment Loss	(27)	(10)
Gain on Partial Disposal of Interests in Associate	11,612	125
(Allowance for) / Reversal of Impairment of Trade and Other Receivables	(2,077)	266
Provision – Legal Fees	(619)	-
Allowance for Impairment of Inventory	(105)	-
(Reversal) / Enhanced Special Employment Credit and Wage Credit Scheme / PIC	(235)	196
	8,245	400



1(b)(i) A Statement of Financial Position of the Group and the Issuer, together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	26,117	20,417	456	512
Right-Of-Use Assets	33,477	-	44	-
Investment in Subsidiaries	-	-	75,545	77,526
Investment in Associates	42,026	77,444	32,468	32,468
Intangible Assets	53,497	53,329	-	-
Other Receivables	1,151	1,062	980	980
Other Assets	9,403	10,756	4,277	-
Total Non-Current Assets	165,671	163,008	113,770	111,486
<u>Current Assets</u>				
Inventories	7,035	6,945	-	-
Trade and Other Receivables	69,813	16,653	86,689	46,079
Other Assets	3,411	2,622	1,342	558
Cash and Cash Equivalents	27,253	24,924	2,517	2,653
Total Current Assets	107,512	51,144	90,548	49,290
Total Assets	273,183	214,152	204,318	160,776
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	86,758	86,758	86,758	86,758
Treasury Shares	(11,558)	(11,558)	(11,558)	(11,558)
Retained Earnings	49,677	38,135	31,721	3,317
Other Reserves, Total	(2,904)	(2,684)	-	-
Equity Attributable to Owners of the Parent, Total	121,973	110,651	106,921	78,517
Non-Controlling Interests	1,157	1,035	-	-
Total Equity	123,130	111,686	106,921	78,517
<u>Non-Current Liabilities</u>				
Provisions	597	638	-	-
Deferred Tax Liabilities	1,371	1,072	-	-
Lease Liabilities Arising from Right-Of-Use Assets	23,335	-	-	-
Other Financial Liabilities	69,839	86,185	66,075	75,000
Total Non-Current Liabilities	95,142	87,895	66,075	75,000
<u>Current Liabilities</u>				
Income Tax Payable	1,024	110	-	84
Trade and Other Payables	20,867	14,018	15,039	7,175
Lease Liabilities Arising from Right-Of-Use Assets	10,813	-	37	-
Other Financial Liabilities	22,207	443	16,246	-
Total Current Liabilities	54,911	14,571	31,322	7,259
Total Liabilities	150,053	102,466	97,397	82,259
Total Equity and Liabilities	273,183	214,152	204,318	160,776



1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year.

	<u>As at 31/12/2019</u>	<u>As at 31/12/2018</u>
	\$'000	\$'000
<u>Bank Loans</u>		
Amount repayable within one year	16,371	263
Amount repayable after one year	67,937	78,870

Bank loans amounting to \$8.3 million are secured by legal mortgage of the Group's Properties and covered by corporate guarantee from the Company.

	<u>At 31/12/2019</u>	<u>At 31/12/2018</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	9	2
Amount repayable after one year	45	-

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

	<u>As at 31/12/2019</u>	<u>As at 31/12/2018</u>
	\$'000	\$'000
<u>Bills Payable</u>		
Amount repayable within one year	369	178

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

	<u>As at 31/12/2019</u>	<u>As at 31/12/2018</u>
	\$'000	\$'000
<u>Preference Shares</u>		
Amount repayable within one year	5,458	-
Amount repayable after one year	1,857	7,315

Preference shares issued on 23 December 2016 to Q & M Professionals Holding Pte. Ltd. and Dr Cheah Kim Fee and preference shares issued to All Win Investment Holdings Pte. Ltd., Full Win Investment Holdings Pte. Ltd. and Initial Capital Investment Pte. Ltd. on 15 November 2017 by Q & M Aidite International Pte. Ltd. which will be mandatorily redeemed in 6 years time. 75% of the preference shares were redeemed on 11 January 2020.



1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	12 Months ended	
	31/12/2019	31/12/2018
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	20,122	14,845
Adjustments for:		
Interest Income	(32)	(111)
Interest Expense	4,143	2,635
Gain on Partial Disposal of Interests in Associate	(11,612)	(125)
Allowance for Impairment of Trade and Other Receivables	2,077	-
Depreciation and Amortisation Expenses	3,281	3,306
Depreciation of Right-Of-Use Assets	11,716	-
Foreign Currency Translation Reserve	(49)	(13)
Gain on Disposal of Plant and Equipment	(9)	(3)
Impairment of Inventory	105	-
Provisions	(41)	(5)
Plant and Equipment Written Off	313	180
Share of Profit from Equity – Accounted Associates	(4,163)	(4,612)
Operating Cash Flows Before Changes in Working Capital	25,851	16,097
Inventories	(195)	(467)
Trade and Other Receivables	(1,468)	(981)
Other Assets	(55)	48
Trade and Other Payables	4,549	(1,164)
Net Cash Flows From Operations Activities Before Interest and Tax	28,682	13,533
Income Taxes Paid	(728)	(444)
Net Cash Flows From Operating Activities	27,954	13,089
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Property, Plant and Equipment	(6,852)	(2,747)
Addition of Intangible Assets	(425)	-
Disposal of Plant and Equipment	370	405
Other Assets	(2,538)	(2,975)
Trade and Other Receivables	496	(315)
Other Receivables, Non-Current	(89)	376
Acquisition of Subsidiaries (Net of Cash Acquired)	(2,500)	(173)
Dividends from Associates	2,222	327
Interest Received	32	111
Net Cash Flows Used in Investing Activities	(9,284)	(4,991)



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	Group	
	12 Months ended	
	31/12/2019	31/12/2018
	\$'000	\$'000
<u>Cash Flows Used in Financing Activities</u>		
Finance Lease Repayments	(3)	(2)
Share Buy Back Exercise	-	(4,723)
Proceeds from Term Loans	5,321	60,000
Bill Payables	191	(80)
Repayment of Lease Liabilities	(11,045)	-
Repayment of MTN	-	(60,000)
Repayment of Bank Loans	(146)	(151)
Interest Paid	(4,143)	(2,635)
Net Movement in Amount Due from Shareholders of Associate	-	(2,131)
Dividends Paid to Non-Controlling Interest	(74)	(24)
Dividends Paid to Equity Owners	(6,442)	(10,468)
Net Cash Flows Used in Financing Activities	(16,341)	(20,214)
Net Increase / (Decrease) in Cash and Cash Equivalents in Continuing operations	2,329	(12,116)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Year	24,924	37,040
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Year	27,253	24,924
Cash and Cash Equivalents at End of Year includes the following:		
Cash and Bank Balances	27,253	24,924
Cash and Cash Equivalents at End of Year	27,253	24,924



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1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Total Equity</u>	<u>Attributable to Parent Sub-total</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Treasury Shares</u>	<u>Other Reserves</u>	<u>Non-Controlling Interest</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group - Current Year							
Opening Balance at 1 January 2019	111,686	110,651	86,758	38,135	(11,558)	(2,684)	1,035
Movements in Equity:							
Total Comprehensive Income for the year	17,960	17,764	-	17,984	-	(220)	196
Dividends Paid	(6,442)	(6,442)	-	(6,442)	-	-	-
Dividends Paid to Non-Controlling Interest	(74)	-	-	-	-	-	(74)
Closing Balance at 31 December 2019	123,130	121,973	86,758	49,677	(11,558)	(2,904)	1,157
Group - Previous Year							
Opening Balance at 1 January 2018	113,867	112,909	86,758	34,591	(6,835)	(1,605)	958
Movements in Equity:							
Total Comprehensive Income for the year	13,034	12,933	-	14,012	-	(1,079)	101
Share Buy Back	(4,723)	(4,723)	-	-	(4,723)	-	-
Dividends Paid	(10,468)	(10,468)	-	(10,468)	-	-	-
Dividends Paid to Non-Controlling Interest	(24)	-	-	-	-	-	(24)
Closing Balance at 31 December 2018	111,686	110,651	86,758	38,135	(11,558)	(2,684)	1,035



1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	<u>Total Equity</u>	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Other Reserve</u>	<u>Retained Earnings</u>
	\$'000	\$'000		\$'000	\$'000
Company - Current year					
Opening Balance at 1 January 2019	78,517	86,758	(11,558)	-	3,317
Movements in Equity:					
Total Comprehensive Income for the year	34,846	-	-	-	34,846
Dividends Paid	(6,442)	-	-	-	(6,442)
Closing Balance at 31 December 2019	106,921	86,758	(11,558)	-	31,721
Company - Current year					
Opening Balance at 1 January 2018	91,490	86,758	(6,835)	-	11,567
Movements in Equity:					
Total Comprehensive Income for the year	2,218	-	-	-	2,218
Share Buy Back	(4,723)	-	(4,723)	-	-
Dividends Paid	(10,468)	-	-	-	(10,468)
Closing Balance at 31 December 2018	78,517	86,758	(11,558)	-	3,317



- 1 (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holding, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary shares

	<u>Number of Shares</u>	<u>Share Capital</u>
	'000	\$'000
At 1 Jan 2019	785,622	75,200
At 31 Dec 2019	785,622	75,200

Employee Share Option

During the year ended 31 December 2019, no share options were issued or exercised. No share options outstanding as at 31 December 2019 (31 December 2018: NIL).

Treasury Shares

The Company has 19,265,879 treasury shares as at 31 December 2019 (31 December 2018: 19,265,879) and there is no subsidiary holdings as at 31 December 2019 (31 December 2018: NIL).

On 18 November 2019, the Company awarded 5,839,906 number of shares pursuant to the Q & M Performance Share Plan 2018 to dentists of the Group. The Company will announce the transfer of 5,839,906 ordinary shares from its treasury shares once the transfer is completed.

- 1 (d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31/12/2019	As at 31/12/2018
Total number of issued shares excluding treasury shares	<u>785,621,921</u>	<u>785,621,921</u>

- 1 (d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of current financial period reported on.



2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been reviewed / audited by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as set out in Note 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements as at 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2019, the Group adopted the new / revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

Other than the adoption of SFRS(I) 16, as disclosed below. The adoption of these new / revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reports for the current or prior financial years.

The right-of-use ("ROU") assets as at 31 December 2019 were mainly related to leases of the premises occupied by the Group's clinics and business units. Accordingly, there was a corresponding increase in lease liabilities of \$34.1 million as at 31 December 2019.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period :-	Group 12 Months ended	
	31/12/2019	31/12/2018
(i) Basic earnings per share (cents)	2.29	1.77
(ii) On a fully diluted basis (cents)	2.29	1.77

The basic EPS for the year ended 31 December 2019 and 31 December 2018 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 785,621,921 shares and 790,441,270 shares respectively.

There is no dilutive effect on the EPS for the period ended 31 December 2019 and 31 December 2018.



7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
- current financial period reported on; and**
 - immediately preceding financial year.**

	Group		Company	
	As at 31/12/2019	As at 31/12/2018	As at 31/12/2019	As at 31/12/2018
Net asset value per ordinary share (cents)	15.5	14.1	13.6	10.0

The net asset value per ordinary share of the Group and the Company as at 31 December 2019 and 31 December 2018 have been calculated based on the total issued number of ordinary shares excluding treasury shares of 785,621,921 (2018: 785,621,921).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Statement of Comprehensive Income

Revenue

Revenue from dental and medical outlets increased by 6% from \$112.6 million for the 12 months ended 31 December 2018 ("FY18") to \$119.2 million for the 12 months ended 31 December 2019 ("FY19"). The increase of \$6.6 million was mainly due to higher revenue from existing and new dental outlets in Singapore and Malaysia.

As at 31 December 2019, the Group has a total of 80 dental outlets, 5 medical outlets and 1 dental college in operations, compared to 73 dental outlets and 4 medical outlets as at 31 December 2018 in Singapore.

As at 31 December 2019, the Group has a total of 31 dental outlets in Malaysia and 1 dental outlet in People's Republic of China ("PRC") compared to 17 dental outlets in Malaysia and 1 dental outlet in PRC as at 31 December 2018.

Revenue contribution from the dental equipment and supplies distribution business increased by 7% from \$8.2 million in FY18 to \$8.8 million in FY19. The increase of \$0.6 million was mainly due to higher revenue from the dental equipment and supplies distribution company in Malaysia.

Other Gains – Net

Other gains - net amounted to \$8.2 million in FY19. This consisted of the one-time gain arising from the partial disposal of 36% of equity-accounted associate, Aidite of \$11.6 million offset by allowance for impairment for trade and other receivables.



Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used increased by 10% from \$8.4 million in FY18 to \$9.2 million in FY19. The increase was in line with the increase in revenue, opening of new dental clinics in Singapore and Malaysia as well as higher cost of consumables and laboratory charges in 2019.

As a percentage of revenue from the dental and medical clinics, consumables and dental supplies used in the dental and medical outlets in FY19 was 7.7% compared to 7.5% in FY18.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased by 12% from \$5.8 million in FY18 to \$6.5 million in FY19. The increase was mainly due to the increase in revenue of the dental equipment and supplies distribution company in Malaysia as well as increased cost of imported equipment due to depreciating riggit.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in FY19 was 74.3% compared to 71.0% in FY18.

Employee Benefits Expense

Employee benefits expense increased by 9% from \$70.6 million in FY18 to \$77.1 million in FY19. The increase of \$6.5 million was mainly due to increase in revenue, headcount to support more dental outlets in Singapore and Malaysia as well as one-time special bonus to staff for the profit generated from the partial disposal of 36% of equity-accounted associate, Aidite.

As a percentage of revenue, employee benefits expense in FY19 was 60.3% compared to 58.4% in FY18.

Depreciation of Right-Of-Use ("ROU") Assets

Depreciation of ROU assets amounted to \$11.7 million due to the adoption of SFRS(I) 16 in FY19.

Rental Expense

Rental expense decreased by 99% from \$12.9 million in FY18 to \$0.2 million in FY19. The decrease was mainly due to the adoption of SFRS(I) 16 in FY19 which resulted in \$11.7 million expensed off in depreciation of ROU assets and \$1.3 million in finance cost.

As a percentage of revenue, total expenses on depreciation of ROU assets, rental expense and finance cost arising from the adoption of SFRS(I) 16 in FY19 was 10.3% compared to 10.6% in FY18.

Finance Costs

Finance costs increased by 57% from \$2.6 million in FY18 to \$4.1 million in FY19. The increase of \$1.5 million was mainly due to the adoption of SFRS(I) 16 in FY19 which resulted in an interest expense of \$1.3 million.

As a percentage of revenue, finance costs in FY19 was 3.2% compared to 2.2% in FY18.

Other Expenses

Other expenses increased by 8% from \$7.5 million in FY18 to \$8.1 million in FY19. The increase of \$0.6 million was mainly due to increase in legal and professional fees arising from regulatory compliance, the legal cases in China and Malaysia and drafting of agreements.

As a percentage of revenue, other expenses in FY19 was 6.3% compared to 6.2% in FY18.



Share of Profit from Equity-Accounted Associates

Share of profit from equity-accounted associates decreased by 10% from \$4.6 million in FY18 to \$4.2 million in FY19. The decrease of \$0.4 million was mainly due to share of losses from Aoxin Q & M in FY19. Aoxin Q & M suffered losses during this period mainly due to gestation losses from newly opened hospitals and clinics.

Profit Before Tax and Net Profit

For the reasons given above, the Group's profit before tax increased by 36% from \$14.8 million in FY18 to \$20.1 million in FY19. The provision of one-time special bonus to staff from the partial disposal of Aidite as well as the adoption of SFRS(I) 16 in FY19 resulted in a reduction in the Group's profit before tax of \$3.1 million.

After deducting provision for income tax expense of \$1.9 million, the Group's net profit increased 29% from \$14.1 million in FY18 to \$18.2 million in FY19.

For the reasons given above, profit attributable to owners of the parents increased by 28% from \$14.0 million in FY18 to \$18.0 million in FY19.

Statement of Financial Position

As at 31 December 2019, the Group has cash and cash equivalents of \$27.3 million, bank borrowings plus finance leases amounted to \$92.0 million.

Current Assets

Cash and cash equivalents as at 31 December 2019 increased to \$27.3 million from \$24.9 million as at 31 December 2018. The increase of \$2.4 million was mainly due to cash generated from operations.

Trade and other receivables as at 31 December 2019 increased to \$69.8 million from \$16.7 million as at 31 December 2018. The increase of \$53.1 million was mainly due to proceeds receivable of \$53.0 million from the partial disposal of 36% of equity-accounted associate, Aidite.

Other assets as at 31 December 2019 increased to \$3.4 million from \$2.6 million as at 31 December 2018. The increase of \$0.8 million was mainly due to increase in sign on bonus for new dentists and scholarships to local BDS undergraduates for 9 students.

Inventories as at 31 December 2019 increased to \$7.0 million from \$6.9 million as at 31 December 2018. The increase of \$0.1 million was mainly due to increase in inventories from the dental equipment and supplies distribution company in Malaysia.

Non-Current Assets

The net book value of property, plant and equipment as at 31 December 2019 increased to \$26.1 million from \$20.4 million as at 31 December 2018. The increase of \$5.7 million was mainly due to the purchase of 2 clinics' properties located in Bishan amounting to \$2.9 million and Novena Medical Centre amounting to \$2.5 million as well as new plant and equipment for new dental clinics in Singapore and Malaysia.

The net book value of ROU assets as at 31 December 2019 was \$33.5 million due to the adoption of SFRS(I) 16 in FY19. The ROU assets relate to leases of premises occupied by the Group's clinics and business units.

Investment in associates as at 31 December 2019 decreased to \$42.0 million from \$77.4 million as at 31 December 2018. The decrease of \$35.4 million was mainly due to the partial disposal of 36% of equity-accounted associate, Aidite.



Other assets as at 31 December 2019 decreased to \$9.4 million from \$10.8 million as at 31 December 2018. The decrease of \$1.4 million was mainly due to the reclassification of \$5.5 million preference shares held in trust in Aidite to trade and other receivables as a result of the partial disposal of 36% of equity-accounted associate, Aidite offset by an increase in sign on bonus for dentists.

Current Liabilities

Trade and other payables as at 31 December 2019 increased to \$20.9 million from \$14.0 million as at 31 December 2018. The increase of \$6.9 million was mainly due to accrual of incidental expenses arising from the partial disposal of 36% of equity-accounted associate, Aidite as well as Q & M Performance Share Plan shares awarded yet to be issued to certain dentists.

Other financial liabilities as at 31 December 2019 increased to \$22.2 million from \$0.4 million as at 31 December 2018. The increase of \$21.8 million was mainly due to the reclassification of a \$15.0 million loan from non-current liability to current liability as the date for repayment is in 2020, reclassification of \$5.5 million preference shares held in trust from non-current liability to current liability as well as bill payables arising from the Group's dental and equipment supplies distribution business in Malaysia.

Lease liabilities arising from ROU assets amounting to \$10.8 million as at 31 December 2019 due to the adoption of SFRS(I) 16 in FY19.

Non-Current Liabilities

Other financial liabilities as at 31 December 2019 decreased to \$69.8 million from \$86.2 million as at 31 December 2018. The decrease of \$16.4 million was mainly due to the reclassification of a \$15.0 million loan from non-current liability to current liability and reclassification of \$5.5 million preference shares held in trust from non-current liability to current liability offset by new bank loans for the purchase of clinics' properties located in Bishan amounting to \$2.3 million and Novena Medical Centre amounting to \$2.5 million.

Lease liabilities arising from ROU assets amounting to \$23.3 million as at 31 December 2019 due to the adoption of SFRS(I) 16 in FY19.

Statement of Cash Flows

The Group generated net cash flow from operating activities of \$28.0 million in FY19. This was mainly derived from the profit generated in FY19.

Net cash used in investing activities in FY19 amounted to \$9.3 million, mainly due to the purchase of 2 clinics' properties located in Bishan amounting to \$2.9 million and Novena Medical Centre amounting to \$2.5 million, plant and equipment for the existing clinics and opening of new dental clinics as well as sign on bonus for dentists.

Net cash used in financing activities in FY19 was \$16.3 million, mainly due to dividends paid to equity owners of \$6.4 million, payment of lease liabilities arising from right-of-use assets and interest payment offset by drawdown of bank loans for the purchase of 2 clinics' properties located in Bishan and Novena Medical Centre.

Consequent to the above factors, the Group's cash and cash equivalents was \$27.3 million as at 31 December 2019.

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

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



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

Industry Prospects

The current COVID-19 situation remains uncertain and fluid. It is likely to result in an economic slowdown for Singapore and fluctuation in foreign currency. Notwithstanding the current uncertainty and barring any unforeseen circumstances, there are no significant changes in the trends and competitive conditions of the industry in which the Group operates and no major known factors or events that may adversely affect the Group in the next reporting period and the next twelve months.

Recent Developments

- Update on the Company's Singapore Operations

The Company has secured location to open a new dental clinic which is expected to commence operations in the first half of 2020.

- Update on the Company's Malaysia Operations

The Company has secured locations to open 3 new dental clinics which are expected to commence operations in the first half of 2020.

- Grant of Awards Pursuant to the Q & M Performance Share Plan 2018

On 18 November 2019, the Company awarded 5,839,906 number of shares pursuant to the Q & M Performance Share Plan 2018 to some dentists of the Group.

- Update on the Proposed Disposal of 36% of the Registered Capital of Aidite (Qinhuangdao) Technology Co., Ltd.

On 29 November 2019, the Company announced the results and approval by the shareholders at the extraordinary general meeting and the resolution was duly passed.

On 15 January 2020, the Company wishes to update the shareholders that Q&M Aidite International Pte. Ltd. has received from each of Health Advance Limited, Schroder Adveq Asia Hong Kong I Limited and ASP Hero SPV Limited, 85% of their respective portion of the aggregate consideration amounting to RMB 238 million. The Company will update shareholders once the balance of the aggregate consideration is received.

On 11 February 2020, the Company received from Suzhou Junlian Xinkang Venture Capital Partnership (Limited Partnership) their full portion of aggregate consideration net of tax amounting to RMB 73 million.

- Incorporation of Q & M Dental Surgery (Canberra MRT) Pte. Ltd.

On 13 December 2019, the Company announced the incorporation of a wholly-owned subsidiary in Singapore named Q & M Dental Surgery (Canberra MRT) Pte. Ltd. with an initial issued and paid-up share capital of \$0.1 million comprising 100,000 ordinary shares.



- Update on Discovery of Improprieties in the Company's Malaysian Subsidiaries in Johor Bahru, Malaysia

On 16 January 2020, the Company announced that the Company had on 10 September 2019 reached a full and final settlement of all claims between the Company and Dr Hong An Liang ("Dr Hong") and Mdm Chong Lee Lee ("Mdm Chong") by way of a consent judgement issued by the JB High Court (the "Consent Judgement"). The Company has received the duly sealed Consent Judgement.

Pursuant to the terms of the Consent Judgement, Dr Hong and Mdm Chong have agreed to pay the Company RM3.5 million as full and final settlement of all claims in accordance with the terms of the Consent Judgement. In addition, Dr Hong and Mdm Chong had on 15 January 2020, published an open apology to the Company in Nanyang Siang Pau (Malaysian newspaper) and The Straits Times (Singapore newspaper).

- Update for new SGX risk based approach to quarterly reporting

Under the new SGX risk based approach to quarterly reporting which took effect on 7 February 2020, the Group will cease quarterly reporting and adopt half yearly reporting with effect from financial year 2020.

Future Plans

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

- Expansion of network of dental clinics in Singapore and acquisitions of specialist dental clinics in Singapore

Currently, the Group operates 80 clinics in Singapore. The Group will be focusing on its operations in Singapore and has initiated a strategy of intensive organic growth of its dental clinics in Singapore. It will expand its team of dentists to support the future growth of its operations in Singapore. The Group intends to open at least 10 new clinics in Singapore for 2020 and has secured location to open a new clinic which is expected to commence operations in first half of 2020. The eventual number of dental outlets will depend on available opportunities and pertinent market conditions. The Group believes it is well-positioned to cater to the rising demand for primary and higher value specialist dental healthcare services to its patients/customers.

- Expansion into private dental healthcare market in Malaysia

Currently, the Group operates 31 clinics in Malaysia. The clinics are 13 dental clinics in Johor, 1 dental centre and 14 dental clinics in Kuala Lumpur and 3 dental clinics in Malacca. The Group intends to open at least 10 new clinics in Malaysia for 2020 and has secured locations to open 3 new clinics which are expected to commence operations in first half of 2020. The eventual number of dental clinics will depend on available opportunities and pertinent market conditions.

- Expansion into private dental healthcare market in the People's Republic of China ("PRC")

The main thrust of the Group's proposed expansion in PRC is through organic growth to develop a new and sustainable growth pillar that can yield long term value for the Group.

- Expansion in Southeast Asia

The Group is continuously looking for opportunities to expand its businesses through opening new dental clinics in Southeast Asia.



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.4 cents per ordinary share
Tax Rate	One Tier Tax Exempt

Name of dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.42 cents per ordinary share
Tax Rate	One Tier Tax Exempt

Name of dividend	Special Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	2.0 cents per ordinary share
Tax Rate	One Tier Tax Exempt

(b) Corresponding Period of the immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.4 cents per ordinary share
Tax Rate	One Tier Tax Exempt

Name of dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.42 cents per ordinary share
Tax Rate	One Tier Tax Exempt

(c) The date the dividend is payable.

The Directors are pleased to recommend a final dividend of 0.42 cents per share and a special dividend of 2.0 cents per share in respect of the financial year ended 31 December 2019 for approval by the shareholders at the Annual General Meeting. The special dividend is intended to reward shareholders, in view of the profit generated from the partial disposal of interest in Aidite.

The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be paid on 26 May 2020.

(d) Book closure date

Notice is hereby given, subject to the approval of the shareholders of Q & M Dental Group (Singapore) Limited (the "Company") to the proposed final dividend at the forthcoming Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 12 May 2020 on which day no share transfer will be effected.



Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 80 Robinson Road, #11-02 Singapore 068898, up to 5.00 p.m. on 11 May 2020 will be registered to determine members' entitlements to the final dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 11 May 2020 will be entitled to the payment of the final dividend.

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

Not applicable.

**Part II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.
Business segments**

The Group has two reportable segments as described below.

- Primary Healthcare comprising dentistry, family medicine, specialist services and dental college education.
- Dental Equipment Distribution comprising distribution of dental supplies and equipment.

	2019	2018
	\$'000	\$'000
Segment Revenue		
Primary Healthcare	119,156	112,587
Dental Equipment & Supplies Distribution	8,807	8,221
Total Revenue	<u>127,963</u>	<u>120,808</u>
Segment Result		
Primary Healthcare	6,952	10,257
Dental Equipment & Supplies Distribution	(528)*	(415)*
Gain on Deemed Disposal of Associate	11,612	125
(Allowance for) / Reversal of Impairment of Other Receivables	(2,077)	266
Share of Profit from Equity-Accounted Associates	4,163	4,612
Profit Before Tax	<u>20,122</u>	<u>14,845</u>
Income Tax Expense	(1,941)	(760)
Profit for the year	<u>18,181</u>	<u>14,085</u>
Segment Asset		
Primary Healthcare	224,721	129,984
Dental Equipment & Supplies Distribution	6,436	6,724
Unallocated – Investment in associates	42,026	77,444
Total Group Assets	<u>273,183</u>	<u>214,152</u>

* After elimination of intercompany sales.



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	2019	2018
	\$'000	\$'000
Segment Liability		
Primary Healthcare	147,934	100,812
Dental Equipment & Supplies Distribution	2,119	1,654
Total	<u>150,053</u>	<u>102,466</u>
(Impairment) / Reversal of Impairment of Assets		
Primary Healthcare	(1,948)	266
Dental Equipment & Supplies Distribution	(129)	-
Total	<u>(2,077)</u>	<u>266</u>
Capital Expenditure		
Primary Healthcare	9,691	2,905
Dental Equipment & Supplies Distribution	144	4
Total	<u>9,835</u>	<u>2,909</u>
Depreciation		
Primary Healthcare	2,978	3,002
Dental Equipment & Supplies Distribution	47	42
Total	<u>3,025</u>	<u>3,044</u>
Amortisation		
Primary Healthcare	256	262
Dental Equipment & Supplies Distribution	-	-
Total	<u>256</u>	<u>262</u>
Finance Cost		
Primary Healthcare	4,141	2,635
Dental Equipment & Supplies Distribution	2	-
Total	<u>4,143</u>	<u>2,635</u>

Geographical segments

The Group has dentistry business in Singapore, Malaysia and PRC and dental equipment and supplies distribution business in Singapore and Malaysia.

	2019	2018
	\$'000	\$'000
Segment Revenue		
Singapore	116,591	110,975
Malaysia	9,801	8,202
China	1,571	1,631
Total	<u>127,963</u>	<u>120,808</u>



	2019	2018
	\$'000	\$'000
Segment Asset – Non-Current		
Singapore	116,546	74,881
Malaysia	4,510	2,937
China	44,615	85,190
Total	<u>165,671</u>	<u>163,008</u>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Performance by business segment

The increase in primary healthcare segment revenue and result in FY19 as compared to FY18 was mainly due to higher revenue and result contribution from existing and new dental outlets in Singapore and Malaysia and the one-time gain arising from the partial disposal of 36% of equity-accounted associate, Aidite.

The increase in dental equipment and supplies distribution segment revenue in FY19 as compared to FY18 was mainly due to higher revenue contribution from the dental equipment and supplies distribution company in Malaysia. The decrease in dental equipment and supplies distribution segment result in FY19 as compared to FY18 was mainly due to lower contribution from dental equipment and supplies distribution company in Singapore.

Performance by geographical segment

The increase in the contribution to the Group's revenue from Singapore operations in FY19 as compared to FY18 was mainly due to higher contribution from the existing and new dental clinics in Singapore offset by lower contribution from the dental equipment and supplies distribution company in Singapore.

The increase in the contribution to the Group's revenue from Malaysia operations in FY19 as compared to FY18 was mainly due to higher contribution from the new dental clinics in Malaysia as well as higher contribution from the dental equipment and supplies distribution company in Malaysia.

The decrease in the contribution to the Group's revenue from PRC operations in FY19 as compared to FY18 was due to lower contribution from the dental clinic in PRC.

15. A breakdown of sales

	Group		
	2019	2018	Change
	\$'000	\$'000	%
15(a) Revenue reported for first half	60,413	58,240	3.7
15(b) Operating profit after tax before deducting non-controlling interests reported for first half year	8,426	9,088	(7.3)
15(c) Revenue reported for second half	67,550	62,568	8.0
15(d) Operating profit after tax before deducting non-controlling interests reported for second half year.	9,755	4,997	95.2



16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary*	22,155	6,456
Preference	-	-
Total	22,155	6,456

*Total annual dividend for FY19 comprises recommended FY19 final dividend (from FY19H2 profit) of \$3.30 million and special dividend of \$15.71 million, and \$3.14 million interim dividend paid in respect of FY19H1 profit.

*Total annual dividend for FY18 comprises recommended FY18 final dividend (from FY18H2 profit) of \$3.30 million, and \$3.16 million interim dividend paid in respect of FY18H1 profit.

17. Confirmation that the issuer has procured undertakings from all its directors and executive officer under Rules 720(1) of the Listing Manual

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

18. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Foo Siew Juian	51	Wife of Dr Ng Chin Siau, Group Chief Executive Officer of Q & M Dental Group (Singapore) Limited ("QDGS").	General Manager (1999)	None
Ng Sook Hwa	48	Sister-in-law of Ng Sook Hwa, Group Financial Controller of QDGS. Sister of Dr Ng Chin Siau, Group Chief Executive Officer of QDGS.	Group Financial Controller (June 2011)	None



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BY ORDER OF THE BOARD

Dr. Ng Chin Siau
Group Chief Executive Officer
27 February 2020