



Financial Statement And Dividend Announcement For The Half-Year Period Ended 30 June 2020 ("1H20")

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) HALF-YEAR AND FULL YEAR RESULTS

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

	Note	Group		
		Year-To-Date		
		30/6/2020 \$'000	30/6/2019 \$'000	Change %
Revenue				
Dental and Medical Clinics *		48,531	56,629	(14)
Dental Equipment & Supplies Distribution		4,449	4,990	(11)
Total Revenue		52,980	61,619	(14)
Other Items of Income				
Interest Income		240	18	1,233
Other Items of Expense				
Consumables and Supplies Used in Dental & Medical Clinics		(3,550)	(4,097)	(13)
Cost of Sales - Dental Equipment & Supplies Distribution		(3,291)	(3,483)	(6)
Employee Benefits Expense		(28,609)	(34,713)	(18)
Depreciation and Amortisation Expense		(1,699)	(1,588)	7
Depreciation of Right-Of-Use Assets		(3,461)	(5,350)	(35)
Rental Expense		(179)	(567)	(68)
Other Expenses		(2,822)	(3,676)	(23)
Finance Costs		(2,271)	(1,879)	21
Other Gains – Net		2,176	(86)	NM
Share of (Loss) / Profit from Equity-Accounted Associates	1(a)(i)	(506)	2,376	NM
Profit Before Tax from Continuing Operations		9,008	8,574	5
Income Tax Expense		(141)	(148)	(5)
Profit from Continuing Operations, Net of Tax		8,867	8,426	5
Other Comprehensive Income / (Loss):				
Exchange Differences on Translating Foreign Operations, Net of Tax		369	(269)	NM
Other Comprehensive Income / (Loss) for the Year, Net of Tax		369	(269)	NM
Total Comprehensive Income for the Year		9,236	8,157	13
Profit Attributable to:				
Owners of the Parent, Net of Tax		8,135	8,332	(2)
Non-Controlling Interests, Net of Tax		732	94	NM
Profit Net of Tax		8,867	8,426	5
Profit Excluding Share of Profit from Equity-Accounted Associates Attributable to:				
Owners of the Parent, Net of Tax		8,641	5,956	45
Non-Controlling Interests, Net of Tax		732	94	679
Profit Net of Tax		9,373	6,050	55
Total Comprehensive Income attributable to:				
Owners of the Parent		8,441	8,068	5
Non-Controlling Interests		795	89	793
Total Comprehensive Income		9,236	8,157	13

NM: Not Meaningful

* Includes revenue generated from Acumen Diagnostics Pte. Ltd. which is not material



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

Notes:

1(a)(i) Other Gains - Net

	Group	
	Year-To-Date	
	30/6/2020	30/6/2019
	\$'000	\$'000
(Loss) / Gain on Disposal of Plant & Equipment	(43)	10
Plant & Equipment Written Off	(17)	(11)
Foreign Exchange Translation Loss	(57)	(5)
Proceeds from Litigation (Note 1)	367	-
Impairment of Plant and Equipment	(25)	(18)
Assignment Fee Income (Note 2)	1,715	-
Enhanced Special Employment Credit and Wage Credit Scheme / PIC (Reversal)	236	(62)
	2,176	(86)

Note 1: Relates to instalment payment received from the mediation award for the Malaysia legal case

Note 2: Relates to the assignment of the economic benefits from 1 Jan 2020 to 21 April 2020 from the acquisition of the Covid-19 diagnostic test kits and related business.



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

	Group		Company	
	As at		As at	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	27,843	26,117	511	456
Right-Of-Use Assets	44,326	49,486	781	44
Investment in Subsidiaries	-	-	75,545	75,545
Investment in Associates	42,072	42,026	32,548	32,468
Intangible Assets	55,112	53,497	-	-
Other Receivables	216	231	49	60
Other Assets	9,600	9,403	4,716	4,277
Total Non-Current Assets	179,169	180,760	114,150	112,850
<u>Current Assets</u>				
Inventories	16,019	7,035	-	-
Trade and Other Receivables	22,295	87,315	64,955	87,405
Other Assets	3,967	3,411	3,705	1,546
Cash and Cash Equivalents	41,567	27,253	16,708	2,517
Total Current Assets	83,848	125,014	85,368	91,468
Total Assets	263,017	305,774	199,518	204,318
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	86,758	86,758	86,758	86,758
Treasury Shares	(10,897)	(11,558)	(10,897)	(11,558)
Retained Earnings	38,759	49,677	15,404	31,721
Other Reserves, Total	(2,598)	(2,904)	-	-
Equity Attributable to Owners of the Parent, Total	112,022	121,973	91,265	106,921
Non-Controlling Interests	3,422	1,157	-	-
Total Equity	115,444	123,130	91,265	106,921
<u>Non-Current Liabilities</u>				
Provisions	834	597	-	-
Deferred Tax Liabilities	1,409	1,371	-	-
Lease Liabilities Arising from Right-Of-Use Assets	36,080	39,946	628	-
Other Financial Liabilities	24,550	69,839	80,831	66,075
Total Non-Current Liabilities	62,873	111,753	81,459	66,075
<u>Current Liabilities</u>				
Income Tax Payable	482	1,024	-	-
Trade and Other Payables	14,376	27,080	26,396	15,039
Lease Liabilities Arising from Right-Of-Use Assets	9,463	10,211	153	37
Other Financial Liabilities	60,379	32,576	245	16,246
Total Current Liabilities	84,700	70,891	26,794	31,322
Total Liabilities	147,573	182,644	108,253	97,397
Total Equity and Liabilities	263,017	305,774	199,518	204,318



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

	<u>As at 30/6/2020</u> \$'000	<u>As at 31/12/2019</u> \$'000
<u>Bank Loans</u>		
Amount repayable within one year	60,371	16,371
Amount repayable after one year	22,653	67,937

The bank loans amounting to \$8.1 million (31 December 2019: \$8.3 million) are secured by legal mortgage of Group's properties and covered by corporate guarantee from the Company.

	<u>At 30/6/2020</u> \$'000	<u>At 31/12/2019</u> \$'000
<u>Finance Leases</u>		
Amount repayable within one year	8	9
Amount repayable after one year	40	45

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

	<u>As at 30/6/2020</u> \$'000	<u>As at 31/12/2019</u> \$'000
<u>Bills Payable</u>		
Amount repayable within one year	-	369

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

	<u>As at 30/6/2020</u> \$'000	<u>As at 31/12/2019</u> \$'000
<u>Preference Shares</u>		
Amount repayable within one year	-	15,827
Amount repayable after one year	1,857	1,857

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.

	1H 2020	1H2019
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	9,008	8,574
Adjustments for:		
Interest Income	(240)	(18)
Interest Expense	2,271	1,879
Loss /(Gain) on Disposal of Plant and Equipment	43	(10)
Plant and Equipment Written Off	17	11
Share of Loss /(Profit) from Equity – Associated Associates	506	(2,376)
Impairment of Plant and Equipment	25	18
Depreciation of Property, Plant and Equipment and Amortisation Expense	1,699	1,588
Depreciation of Right-Of-Use Assets	3,461	5,350
Foreign Currency Translation Reserve	75	(32)
Provision	237	(11)
Operating Cash Flows Before Changes in Working Capital	17,102	14,973
Inventories	(8,984)	(119)
Trade and Other Receivables	(5,817)	(2,668)
Other Assets	(856)	248
Trade and Other Payables	(4,302)	(2,634)
Net Cash Flows From Operating Activities Before Interest and Tax	(2,857)	9,800
Income Taxes Paid	(672)	(457)
Net Cash Flows (Used in) / From Operating Activities	(3,529)	9,343
<u>Cash Flows From/ (Used in) Investing Activities</u>		
Purchase of Plant and Equipment	(3,627)	(3,926)
Purchase of Intangible Assets	(275)	-
Sale Proceeds from Disposal of Plant and Equipment	187	118
Other Assets	103	(455)
Trade and Other Receivables	-	24
Increase in Investment in Associate	(80)	-
Net Proceeds from Partial Disposal of Associate	47,515	-
Dividend Received from Associate	1,282	-
Other Receivables, Non-Current	15	(26)
Interest Received	240	18
Net Cash Flows From/ (Used In) Investing Activities	45,360	(4,247)
<u>Cash Flows Used in Financing Activities</u>		
Lease Liabilities – Principal Portion Paid	(3,005)	(5,163)
Lease Liabilities – Interest Paid	(928)	(473)
Finance Lease Repayment	(6)	-
Repayment of Bank Loans	(1,284)	(150)
Share Buy Back	(1,529)	-
Proceeds from Term Loan	-	2,320
Bill Payables	(369)	311
Interest Paid	(1,343)	(1,406)
Dividends Paid to Equity Owners	(19,053)	(3,300)
Net Cash Flows Used In Financing Activities	(27,517)	(7,861)
Net Increase/ (Decrease) in Cash and Cash Equivalents	14,314	(2,765)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	27,253	24,924
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period	41,567	22,159
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	41,567	22,159
Cash and Cash Equivalents at End of Period	41,567	22,159



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

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

	<u>Total Equity</u>	<u>Attributable to Parent Sub-total</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Treasury Shares</u>	<u>Other Reserves</u>	<u>Non-Controlling Interest</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group - Current period							
Opening Balance at 1 January 2020	123,130	121,973	86,758	49,677	(11,558)	(2,904)	1,157
Movements in Equity:							
Total Comprehensive Income for the Period	9,236	8,441	-	8,135	-	306	795
Share Buy Back	(1,529)	(1,529)	-	-	(1,529)	-	-
Issue of Share Capital	2,190	2,190	-	-	2,190	-	-
Dividends Paid	(19,053)	(19,053)	-	(19,053)	-	-	-
Contribution by Non-Controlling Interest	1,470	-	-	-	-	-	1,470
Closing Balance at 30 June 2020	115,444	112,022	86,758	38,759	(10,897)	(2,598)	3,422
Group - Previous period							
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 Period	8,157	8,068	-	8,332	-	(264)	89
Dividends Paid	(3,300)	(3,300)	-	(3,300)	-	-	-
Closing Balance at 30 June 2019	116,543	115,419	86,758	43,167	(11,558)	(2,948)	1,124



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

	<u>Total Equity</u>	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Other Reserve</u>	<u>Retained Earnings</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Company - Current period					
Opening Balance at 1 January 2020	106,921	86,758	(11,558)	-	31,721
Movements in Equity:					
Total Comprehensive Income for the Period	2,736	-	-	-	2,736
Share Buy Back	(1,529)	-	(1,529)	-	-
Issue of Share Capital	2,190	-	2,190	-	-
Dividends Paid	(19,053)	-	-	-	(19,053)
Closing Balance at 30 June 2020	91,265	86,758	(10,897)	-	15,404
Company - Previous period					
Opening Balance at 1 January 2019	78,517	86,758	(11,558)	-	3,317
Movements in Equity:					
Total Comprehensive Income for the Period	3,537	-	-	-	3,537
Dividends Paid	(3,300)	-	-	-	(3,300)
Closing Balance at 30 June 2019	78,754	86,758	(11,558)	-	3,554



- 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> '000	<u>Share Capital</u> \$'000
At 1 Jan 2020	<u>785,622</u>	<u>75,200</u>
At 30 Jun 2020	<u>787,309</u>	<u>75,861</u>

Employee Share Option

During the period ended 30 June 2020, no share options were issued or exercised. No share options outstanding as at 30 June 2020 (30 June 2019: NIL).

Treasury Shares

On 23 March 2020, the Company announced the transfer of 5,839,906 ordinary shares from its treasury shares pursuant to the Q & M Performance Share Plan 2018 to dentists of the Group.

During 1H20, the Company has bought back 4,153,200 shares by way of market acquisition and all shares are held as treasury shares.

Following the purchase and share transfer, the Company has 17,579,173 treasury shares as at 30 June 2020 (30 June 2019: 19,265,879) and there is no subsidiary holdings as at 30 June 2020 (30 June 2019: NIL).

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

	As at 30/6/2020	As at 31/12/2019
Total number of issued shares excluding treasury shares	<u>787,308,627</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.

5,839,906 number of treasury shares of \$2.2 million were awarded pursuant to the Q & M Performance Share Plan 2018 to dentists of the Group and 4,153,200 number of treasury shares of \$1.5 million were bought back by way of market acquisition.

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

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

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

Not applicable.

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

Except as set out in Note 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements as at 31 December 2019.

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

In the current reporting period, the Group adopted all the new or revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to SFRS(I) ("SFRS(I) INT") that are relevant to its operations and are effective for the first-time adoption during the current reporting period. The adoption of these new and revised SFRS(I) and SFRS(I) INT has no material effect on the amounts reported for the current or prior reporting periods.

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

Earnings per ordinary share for the period :-	Group 6 Months ended	
	30/6/2020	30/6/2019
(i) Basic earnings per share (cents)	1.03	1.06
(ii) On a fully diluted basis (cents)	1.03	1.06

The basic EPS for the period ended 30 June 2020 and 30 June 2019 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 786,136,927 shares and 786,333,818 shares respectively.

There is no dilutive effect on the EPS for the period ended 30 June 2020 and 30 June 2019.



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

	Group		Company	
	As at		As at	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
Net asset value per ordinary share (cents)	14.2	15.5	11.6	13.6

The net asset value per ordinary share of the Group and the Company as at 30 June 2020 has been calculated based on the total issued number of ordinary shares of 787,308,627 (2019: 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

The Covid-19 outbreak has evolved into a global pandemic. Countries have been lockdown or placed under various degrees of lockdown. The resilient healthcare sector has also been impacted as a result of the Circuit Breaker (“CB”) imposed by the Singapore Government in the months of April and May 2020 which shut down all non-essential business activities to curb the spread of the Covid-19 virus.

During the CB in Singapore from 7 April to 1 June 2020, only non-elective urgent and emergent dental treatment is allowed. Singapore is currently in Phase 2 of the CB and dentists can perform more dentistry services but should minimise aerosol generation and schedule time in between to allow disinfection of the clinics.

In Malaysia, the nationwide restricted Movement Control Order (“MCO”) implemented by the Malaysia Government under the Prevention and Control of Infectious Diseases Act 1988 and Police Act 1967 on 18 March 2020 to 9 June 2020, and our Group’s dental clinics in Malaysia are only allowed to treat non-elective, urgent and emergency dental services. Under the current Recovery Movement Control Order (“RMCO”), from 10 June 2020 to 31 August 2020 our dental clinics are allowed to perform most types of dental treatment except Aerosol generating procedures.

In People’s Republic of China, our associated companies’ operations were affected by the Covid-19 pandemic. Aoxin Q & M Dental Group Ltd. (“Aoxin Q&M”) has resumed their operations from 26 March 2020 although the Dalian hospital and clinic are temporarily under lock down again due to the resurgent of the Covid-19 virus. Aidite (Qinhuangdao) Technology Co., Ltd. (“Aidite”) has also resumed operation on 10 February 2020.



Revenue

Revenue contribution from dental and medical clinics decreased by 14% from \$56.6 million for the 6 months ended 30 June 2019 (“1H19”) to \$48.5 million for the 6 months ended 30 June 2020 (“1H20”) mainly due to the CB which restricted the types of dental services to be performed by dental outlets in Singapore. Revenue generated by Singapore dental outlets for the month of April and May 2020 decreased by approximately 63% as compared to the corresponding months in 1H19. Revenue generated by Singapore dental outlets in June 2020 has more than resumed to pre Covid-19 period and was significantly higher than June 2019 by 20%. From 18 March 2020 to 9 June 2020, our Malaysia dental outlets were only allowed to provide non-elective, urgent and emergency dental services. Revenue generated by Malaysia dental outlets for the months of April and May 2020 dropped by 28% as compared to the corresponding months in 1H19. Revenue generated by Malaysia dental outlets in June 2020 has more than resumed to pre Covid-19 period and was significantly higher than June 2019 by 15%. Revenue from dental and medical clinics includes profit guarantee income.

As at 30 June 2020, 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 30 June 2019 in Singapore.

As at 30 June 2020, the Group has a total of 33 dental outlets in Malaysia and 1 dental outlet in People’s Republic of China (“PRC”) compared to 20 dental outlets in Malaysia and 1 dental outlet in PRC as at 30 June 2019.

Revenue contribution from the dental equipment and supplies distribution business decreased by 11% from \$5.0 million in 1H19 to \$4.4 million in 1H20. The decrease was mainly due to lower revenue from dental equipment and supplies distribution company in Malaysia in 1H20 arising from the MCO in Malaysia.

As at 30 June 2020, the Group has a total of 1 dental and supplies distribution company and 1 Covid-19 test kits supply company in Singapore and 1 dental equipment and supplies company in Malaysia compared to 1 dental equipment and supplies distribution company in Singapore and 1 dental equipment and supplies distribution company in Malaysia as at 30 June 2019.

Other Gains – Net

Other gains - net in 1H20 amounted to \$2.2 million mainly due to an assignment fee income of \$1.70 million arising from the acquisition of the Covid-19 diagnostic test kits and related business from Acumen Research Laboratories Pte. Ltd..

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used decreased by 13% from \$4.1 million in 1H19 to \$3.6 million in 1H20. The decrease was in line with the decrease in revenue.

As a percentage of revenue from the dental and medical outlets, consumables and supplies used in the dental and medical outlets in 1H20 was 7.3% compared to 7.2% in 1H19.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business decreased by 6% from \$3.5 million in 1H19 to \$3.3 million in 1H20. The decrease was mainly due to decrease in revenue from the dental equipment and supplies distribution business in Malaysia.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 1H20 was 74.0% compared to 69.8% in 1H19.



Employee Benefits Expense

Employee benefits expense decreased by 18% from \$34.7 million in 1H19 to \$28.6 million in 1H20. The decrease of \$6.1 million was mainly due to \$2.3 million Job Support Scheme received from the Singapore Government, lower professional fees paid to dentist as well as the partial reversal of accrued bonus for staff provided in FY2019 for the profit on disposal of Aidite which was not paid due to the economic uncertainty arising from the Covid-19 pandemic.

As a percentage of revenue, employee benefits expense in 1H20 was 54.0% compared to 56.3% in 1H19.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 7% from \$1.6 million in 1H19 to \$1.7 million in 1H20. The increase of \$0.1 million was mainly due to the acquisition of Covid-19 diagnostic test kits and related business from Acumen Research Laboratories Pte. Ltd. as well as purchase of dental equipment, furniture, fixtures and fittings for new dental outlets in Singapore and Malaysia.

As a percentage of revenue, depreciation and amortisation expense in 1H20 was 3.2% compared to 2.6% in 1H19.

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

Depreciation of ROU assets decreased by 35% from \$5.4 million in 1H19 to \$3.5 million in 1H20. The decrease was mainly due to \$2.2 million rental rebate received as a result of the Singapore Government support scheme due to Covid-19 offset by the opening of new clinics in Singapore and Malaysia.

As a percentage of revenue, depreciation of ROU assets in 1H20 was 6.5% compared to 8.7% in 1H19.

Other Expenses

Other expenses decreased by 23% from \$3.7 million in 1H19 to \$2.8 million in 1H20. The decrease of \$0.9 million was mainly due to the decrease in business activity in the CB months of April and May 2020 which led to reduction in expenses such as credit card charges, advertising and marketing expenses as well as the write back of over provision of legal fees accrued in FY2019.

As a percentage of revenue, other expenses in 1H20 was 5.3% compared to 6.0% in 1H19.

Finance Costs

Finance costs increased by 21% from \$1.9 million in 1H19 to \$2.3 million in 1H20. The increase of \$0.4 million was mainly due to an increase in the operating lease interest expense for 1H20.

As a percentage of revenue, finance costs in 1H20 was 4.3% compared to 3.0% in 1H19.

Share of Profit from Equity-Accounted Associates

In PRC, our associated companies' operations were affected by the Covid-19 pandemic, which resulted in higher loss from equity-accounted associate Aoxin Q & M and lower profit from Aidite. The lower profit contribution from Aidite was due to lower profit as well as lower shareholding in Aidite. Our effective shareholding in Aidite is now 9.19% as a result of the partial disposal in December 2019.

Profit Before Tax and Net Profit

For the reasons given above, the Group produced a respectable profit before tax of \$9.0 million for 1H20 compared with \$8.6 million in 1H19, representing an increase of 5%.



After deducting provision for income tax expense of \$0.1 million, the Group's net profit was \$8.9 million in 1H20.

For 1H20, profit after tax attributable to owners of the parent was \$8.1 million as compared to \$8.3 million in 1H19.

Statement of Financial Position

As at 30 June 2020, the Group has cash and cash equivalents of \$41.6 million, bank borrowings plus finance leases amounted to \$84.9 million.

Current Assets

Cash and cash equivalents as at 30 June 2020 increased to \$41.6 million from \$27.3 million as at 31 December 2019. The increase of \$14.3 million was mainly due to proceeds received from the partial disposal of 36% of equity-accounted associate Aidite, offset by second interim dividend payment of \$19.1 million with respect to FY2019, purchase of personal protective equipment for inventories due to the need to ensure adequate protection for our patients, dentists and nurses arising from the Covid-19 pandemic.

Trade and other receivables as at 30 June 2020 decreased to \$22.3 million from \$87.3 million as at 31 December 2019. The decrease of \$65.0 million was mainly due to the proceeds received from the partial disposal of 36% of equity-accounted associate, Aidite.

Other assets as at 30 June 2020 increased to \$4.0 million from \$3.4 million as at 31 December 2019. The increase of \$0.6 million was mainly due to deposit for the renovation new head office.

Inventories as at 30 June 2020 increased to \$16.0 million from \$7.0 million as at 31 December 2019. The increase of \$9.0 million was mainly due to holding higher inventories of surgical masks and other personnel protection equipment (PPE) such as gowns, gloves, goggles in line with government advisories and regulations to protect patients, dentists and nurses in the clinics caused by the current Covid-19 pandemic and the possibility of a second wave. It also includes stock holding of such consumables for sale by the dental equipment and supplies distribution companies in Singapore and Malaysia.

Non-Current Assets

The net book value of property, plant and equipment as at 30 June 2020 increased to \$27.8 million from \$26.1 million as at 31 December 2019. The increase of \$1.7 million was mainly due to the acquisition of Covid-19 diagnostic test kits and related business from Acumen Research Laboratories Pte. Ltd. offset by depreciation of plant and equipment.

The net book value of ROU assets as at 30 June 2020 decreased to \$44.3 million from \$49.5 million as at 31 December 2019. The decrease was due to the depreciation of the ROU assets.

Intangible Assets

Intangible assets as at 30 June 2020 increased to \$55.1 million from \$53.5 million as at 31 December 2019. The increase of \$1.6 million was mainly due to the goodwill arising from the acquisition of Covid-19 diagnostic test kits and related business from Acumen Research Laboratories Pte. Ltd..



Current Liabilities

Trade and other payables as at 30 June 2020 decreased to \$14.4 million from \$27.1 million as at 31 December 2019. The decrease of \$12.7 million was mainly due to payment of the accrued expenses arising from the partial disposal of 36% of equity-accounted associate Aidite, issuance of the Q & M Performance Share Plan 2018 shares to certain dentists as well as payment of staff bonuses and dentists professional fees which were accrued as at 31 December 2019.

Other financial liabilities as at 30 June 2020 increased to \$60.4 million from \$32.6 million as at 31 December 2019. The increase of \$27.8 million was mainly due to the reclassification of a \$60.0 million bank loan from non-current liability to current liability as the date for repayment is in March 2021 offset by the reclassification of a \$15.0 million bank loan from current liability to non-current liability as the date for repayment has been extended for another 3 years and the redemption of preference shares held in trust in Aidite.

As a result of the reclassification of the \$60.0 million bank loan from non-current liability to current liability as mention above, the Group has a small negative working capital of \$0.85 million.

Lease liabilities from ROU assets as at 30 June 2020 decreased to \$9.5 million from \$10.2 million as at 31 December 2019. The decrease was mainly due to the expiry of leases of less than one year that has yet to be renewed.

Non-Current Liabilities

Other financial liabilities as at 30 June 2020 decreased to \$24.6 million from \$69.8 million as at 31 December 2019. The decrease was mainly due to the reclassification of a \$60.0 million bank loan from non-current liability to current liability as the date for repayment is in March 2021 offset by the reclassification of a \$15.0 million bank loan from current liability to non-current liability as the date for repayment has extended for another 3 years.

Lease liabilities from ROU assets as at 30 June 2020 decreased to \$36.1 million from \$39.9 million as at 31 December 2019. The decrease was mainly due to the repayment of the operating lease.

Statement of Cash Flows

Net cash flow used in operating activities in 1H20 amounted to \$3.5 million. This was mainly derived from profit generated from operation offset by the increase in working capital needed for 1H20.

Net cash from investing activities in 1H20 amounted to \$45.4 million, mainly due to proceeds from the partial disposal of 36% of equity-accounted associate Aidite, offset by the investment in the new subsidiary, Acumen Diagnostics Pte. Ltd..

Net cash used in financing activities in 1H20 was \$27.5 million, mainly due to second interim dividend payment with respect to FY2019, repayment of lease liabilities arising from right-of-use assets and share buyback.

Consequent to the above factors, the Group's cash and cash equivalents was \$41.2 million as at 30 June 2020.

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 the Group's full year 2019 results announcement.



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 in Singapore is fluid and remains uncertain. Barring any unforeseen circumstances and the possible worsening of the Covid-19 situation leading to another lock down in Singapore, there are no known significant changes in the trends and competitive conditions of the industry in which the Group operates and no other major known factors or events that may adversely affect the Group in the next reporting period and the next 12 months.

Recent Developments

- Update on the Company's Singapore Operations

Two new clinics in Mayflower and Sembawang Way had commenced operations on 3 June and 20 July 2020 respectively. The Company had consolidated its two clinics in Toa Payoh Central with effect from mid-April 2020. The Company has secured location to open 1 new dental clinic in Woodlands Square which is expected to commence operations in the second half of 2020.

- Update on the Company's Malaysia Operations

The Company has secured locations to open 2 new dental clinics which are expected to commence operations in the second half of 2020.

- Proposed Investment for the Establishment of a Surgical Mask Manufacturing Company

On 11 March 2020, the Company announced that the Company had entered into a non-binding memorandum of understanding with Hubei Aishubao Living Supplies Co., Ltd. and Guangzhou Pharmasen Co., Ltd. for the proposed establishment of a surgical mask manufacturing company as a joint venture company, which, if materialized, will result in the Company becoming a shareholder of the joint venture company.

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

On 9 April 2020, the Company wishes to update shareholders that the Group has completed the process of paying taxes in respect of the transfer of the sales Shares to relevant PRC tax authorities and has also received the remaining aggregate consideration from the buyers. Accordingly, all outstanding matters in respect of the completion of the proposed disposal is settled.

- Incorporation of Acumen Diagnostics Pte. Ltd.

On 14 April 2020, the Company announced the incorporation of a wholly-owned subsidiary in Singapore named Acumen Diagnostics Pte. Ltd. ("ADPL") with an initial issued and paid-up share capital of \$100,000 comprising of 100,000 ordinary shares. The principle activities of this subsidiary is medical laboratories (E.G. Blood Analysis Laboratories).



- Acquisition of Covid-19 Diagnostic Test Kits and Related Business from Acumen Research Laboratories Pte. Ltd.

On 23 April 2020, the Company announced that Acumen Diagnostics Pte. Ltd. (“ADPL”) has entered a business transfer agreement with Acumen Research Laboratories Pte. Ltd. (“ARL”) to acquire Covid-19 diagnostic test kits and related business for a purchase consideration of \$0.4 million.

ADPL had entered into a joint venture agreement with Dr. Ong Siew Hwa, Ms. Zeng WeiYi and Acumen Holdings Pte Ltd. to co-operate and develop the business of manufacture, sale and distribution of diagnostic test kits, analysis of test kits, conduct of clinical vaccine trails as well as manufacture, sale and distribution of vaccines. The Company shall invest a total of \$3.0 million in cash in the joint venture for a 51% stake.

ADPL had also entered into an option agreement with Dr. Ong pursuant to which Dr. Ong granted ADPL the rights to purchase from her the 100% shareholdings interest in ARL at any time within 18 months after 22 April 2020 for a consideration of \$3.0 million.

On 5 July 2020, the Company announced the completion of the acquisition of Covid-19 diagnostic test kits and related business from ARL and the additional payment of \$0.25 million in cash subject to certain performance conditions having been met. Following completion, the Company shareholdings in ADPL is now 51%.

- Appointment of Azion Healthcare Sdn Bhd as Exclusive Distributor for Acu-Corona® 3.0 Coronavirus Test Kits in Mexico

On 23 July 2020, the Company announced that Acumen Diagnostics Pte. Ltd. along with Acumen Research Laboratories Pte. Ltd. had entered into an exclusive distribution agreement dated 14 July 2020 with Aizon Healthcare Sdn Bhd (“Azion”). Azion has been appointed as the exclusive buyer and distributor of Acu-Corona® 3.0 Covid-19 reverse transcription polymerase chain reaction test kits in the Mexico for a duration of six months which can be automatically renewed in six months blocks provided Azion purchases five million tests within 3 months of the date of obtaining Regulatory Approvals from the relevant Mexican Authorities.

- Increase in Shareholding in Aoxin Q & M Dental Group Limited

On 19 June 2020, the Company announced the acquisition of 548,800 shares in the capital of Aoxin Q & M Dental Group Limited (“AXQM”) in the open market for an aggregate consideration of \$75,469.30.

On 9 July 2020, the Company announced the acquisition of 397,500 shares in the capital of AXQM in the open market for an aggregate consideration of \$52,595.00.

Following the acquisition, the Company’s shareholding interest in AXQM has increased from 162,354,038 AXQM shares representing 42.55% of the total number of issued AXQM shares, to 163,300,338 AXQM shares representing 42.80% of the total number of issued AXQM shares.



- Q & M Dental Centre Builds Local Pipeline of Dental Surgery Assistants through Workforce Singapore (“WSG”) ‘s Place-and-Train Programme

On 2 July 2020, the Company announced a new programme to hire and train mid-career Dental Surgery Assistants. Through the programme, the Group will be able to expand its workforce to support its growing operations and at the same time, create viable and meaningful job opportunities for local mid-careerists who are keen to embark on a new career in healthcare services.

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 operation in Singapore and has initiated a strategy of 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 and currently has secured locations to open 2 new clinics. The eventual number of dental outlets will depend on available opportunities and pertinent market conditions such as the resolution of the Covid-19 pandemic. 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 33 clinics in Malaysia. There are 15 dental clinics in Johor, 15 dental clinics in Kuala Lumpur and 3 dental clinics in Malacca. The Group intends to focus on opening new clinics in Malaysia and has secured locations to open 2 new clinics which are expected to commence operations in the second half of 2020. The eventual number of dental clinics will depend on available opportunities and pertinent market conditions such as the resolution of the Covid-19 pandemic.

- 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 subject to the resolution of the Covid-19 pandemic.

- Expansion in Southeast Asia

The Group is continuously looking for opportunities to expand its businesses through opening new dental clinics in Southeast Asia subject to the resolution of the Covid-19 pandemic.

11. Dividend

(a) Current Financial Period Reported On

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

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



(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

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

(c) The date the dividend is payable.

The dividend will be paid on 14 September 2020.

(d) Book closure date

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 31 August 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 28 August 2020 will be registered to determine members' entitlements to the interim dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 28 August 2020 will be entitled to the payment of the interim dividend.

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

Not applicable.

13. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for IPTs.

14. Confirmation pursuant to Rule 705 (5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of the Group and the Company for the period ended 30 June 2020 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer
13 August 2020